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ABSTRACTS

Insurgency:
the transformation of peasant rebellion

By RAJ DESAI and HARRY ECKSTEIN

The nature of insurgencies is an ambiguous concept. As a step toward theory about it and prudent action in regard to it, the authors argue that insurgency should be regarded as a syncretic phenomenon—a highly potent compound that combines the "spirit" of archaic peasant rebellions (their apocalyptic, millenarian passions) with modern revolutionary ideologies and organization, and the practice of guerrilla warfare. Insurgency thus supplies both the "steam" and the "piston box" that Trotsky considered an irresistible revolutionary combination. The syncretic mix of disparate elements in insurgency has stood in the way of proper conceptualization of the phenomenon, and of good theory and practice regarding it. The authors further maintain that insurgency is generally confused with the Latin American *foco* as well as with urban terrorism and guerrilla wars of all kinds; in fact the *foco* may well foreshadow the end of insurgencies as a special type of collective political violence.

Testing Deterrence Theory:
rigor makes a difference

By PAUL HUTH and BRUCE RUSSETT

There is no consensus among scholars on how to test hypotheses about deterrence systematically. The disputes are sometimes rooted in differences about theory or sources of data, but they are magnified by methodological confusion, especially over concepts and operational definitions that produce perverse empirical results. Serious theoretical errors include inadequate appreciation of the role of uncertainty in deterrence as well as selection biases that undermine empirical tests. Rigorous examination of our previous work in light of recent criticism discloses very robust findings on the conditions for deterrence success and failure.

Cooperation Theory and Disarmament Negotiations in the 1950s

By MATTHEW EVANGELISTA

Soviet-American disarmament negotiations of the mid-1950s provide a critical case for evaluating theories of cooperation such as Tit-for-Tat and GRIT. Although both sides were close to agreement on the main terms of a treaty by May 1955, the negotiations were ultimately unsuccessful. On the basis of declassified U.S. documents, it now appears that the U.S. did not favor an agreement at the time: thus the game was not Prisoners' Dilemma, but Deadlock. The case reinforces the criticism of Tit-for-Tat that its unitary actor assumption ignores domestic second-image pressures for arming, and it also calls into question "first-image" explanations, such as GRIT, that focus on individual cognitive barriers to cooperation. The importance of understanding the links between internal political coalitions and external bargaining strategies is emphasized.

High Politics Is Low Politics:
the domestic and systemic sources of israeli security policy, 1967-1977

By MICHAEL BARNETT

The literature on international political economy explains foreign economic policies by integrating systemic, state, and societal features. Theoretical approaches to national security, however, have tended to extract the state from its societal context. An adequate conceptualization of security policy must integrate both systemic forces and the domestic political economy.

One way of integrating these concerns is by examining the state's strategies for mobilizing those financial, productive, and human resources considered necessary for national security.

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This article examines the political economy of the state's mobilization of resources for national security, called "war preparation," and proposes a framework for investigation that consists of three elements: (1) the objectives of state managers, (2) the constraints on the state, and (3) the policies of the state for mobilizing its required resources. Based upon these considerations, some tendencies in the government's war preparation strategies are suggested. The utility of this framework is explored through an empirical examination of Israel between 1967 and 1977. The study demonstrates how Israel's war preparation strategies were shaped by the state's domestic and security objectives, the domestic political economy, and systemic constraints and opportunities.

Crisis in Socialism or Crisis of Socialism?

By ELLEN COMISSO

The immediate causes of the current crisis in socialism are the highly authoritarian and extremely hierarchical political and economic structures created by Leninism. Yet the collapse of state socialism also appears to be part of a more general crisis of socialism, a crisis that includes even its potentially more democratic variants. At the core of this broader crisis lies the diminishing appeal of the publicly owned enterprise, an institution that has always been central to the very definition of socialism, but whose economic advantages are called into question by the recent and rapid development of global markets in factors of production and especially in assets. Consequently, communism's demise by no means signifies a victory for either democratic socialism or even social democracy.

ERRATUM

In the article "U.S. Soviet Policy and the Electoral Connection" by Miroslav Nincic (April 1990), in Figure 1 (p. 377), the keys for "hostility" and "cooperativeness" were reversed. We regret any confusion that may have been caused.

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Editor of *World Politics*, 1948–1979
Director of the Center of International Studies,
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INSURGENCY
The Transformation of Peasant Rebellion

By RAJ DESAI and HARRY ECKSTEIN

I. Introduction

TWO specters have been haunting the authorities of the contemporary world: insurgency and terrorism. The first is largely a rural phenomenon, at any rate until its dénouement in the final overthrow of political authority. The second occurs more often in urban settings. Insurgency has been by far the more potent: the Chinese, Algerian, Indo-Chinese, and Vietnamese cases typify its extraordinary ability to succeed, even against much superior power. Terrorism, on the other hand, seems to have little or no power to overcome incumbent authority. It is oppressive and destructive; perhaps, as Böll argues in *Fürsorgliche Belagerung*,[1] it is less oppressive in itself than through the effects of the precautions taken to protect its likely victims; in any case, it lacks the force to destroy authority.

Insurgency and terrorism are readily confused. Indeed, until the late 1960s—largely because of misinterpretations of the Cuban *foco*—they were considered two facets of a common revolutionary cause, with urban terrorism merely an adjunct to the work of rural insurgents. As we will show at the end, however, case after case of the *foco* elsewhere in Latin America has proved this theory to be wrong.

Our principal purpose here is to clarify the nature of insurgency. This is a minimal requirement for theorizing about it and for finding bases of prudent policies in regard to it. There seems to be general agreement that neither has been accomplished, even embryonically. Criticisms of widely held ideas and actions about insurgency started to occur in works of the 1960s;[2] they are still common in recent studies.[3] Lucian Pye has

[1] Heinrich Böll, *Fürsorgliche Belagerung* (Cologne: Kiepenhauer & Witsch, 1979).

[2] See, for example, Franklin Mark Osanka, ed., *Modern Guerrilla Warfare* (New York: Free Press, 1962): Peter Paret and John W. Shy, *Guerrillas in the 1960's* (New York: Praeger, 1962); Harry Eckstein, ed., *Internal War: Problem and Approaches* (New York: Free Press, 1964); and Henry Bienen, *Violence and Social Change* (Chicago: Chicago University Press, 1968).

[3] Examples are Douglas Blaufarb, *The Counter-Insurgency Era: U.S. Doctrine and Performance* (New York: Free Press, 1977), and D. Michael Shafer, *Deadly Paradigms: The Failure of U.S. Counterinsurgency Policy* (Princeton: Princeton University Press, 1988).

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argued that the reason for the unsatisfactory state of insurgency studies is the high tragedy of their impact, their "fundamentally shocking and disturbing character."[4] No doubt that helps to explain people's tendencies to have "short memories" about the subject, and to cling to easy and congenial ideas about counterinsurgency, even if they are manifestly bankrupt. But a more basic reason may be that the very nature of insurgency has never really been understood—just as, earlier in history (perhaps until Arendt's book of 1963)[5] the idea of modern "revolution" eluded conceptual understanding. Our goal here is to remedy that defect.

To put our argument in a nutshell: insurgency is a syncretic phenomenon—one that joins diverse elements in an explosive mix. It combines three elements: first, the "spirit" of traditional peasant "rebellion"; second, the ideology and organization of modern "revolution"; and third, the operational doctrines of guerrilla warfare. The first, though now archaic, remains of critical importance: it supplies the great passionate energy that moves insurgents. The second, which originates in the American, French, and Russian Revolutions, harnesses that energy and directs it toward great, and not merely hopeful, ends. The third, still more recent in origin, provides the practices appropriate to the energy and the visions. This mix has the force of natural calamity.

II. Peasant Rebellion

The countryside is the arena of insurgency. It provides an ideal setting for collective political violence. Communications are poor and networks of transportation undeveloped. Irregular terrain provides hideouts for dissident figures and great obstacles to authoritative forces, police as well as military.[6] Whenever national police forces (and guerrillas have typically been the problem of the police rather than of the military) have set up posts in rural areas, turnover in their ranks became very high: jungles, mountains, and peasant villages probably are not only boring, but mysteriously perilous. Locally recruited police tend to identify with their own, rather than with remote masters. After some costly rebuffs, local forces tend to evaporate, and governments abandon the areas. Thus, they themselves furnish the "safe refuges" in which rebels may live, train, and plan without interference.

[4] Pye, in Eckstein (fn. 2), 162.

[5] Hannah Arendt, *On Revolution* (New York: Viking Press, 1963).

[6] Gabriel Bonnet, *Les guerres insurrectionelles et révolutionnaires* [Insurgent and revolutionary wars] (Paris: Payot, 1958), and "The French Army and la Guerre Révolutionnaire," *Journal of the Royal United Service Institutions*, vol. 104 (1959).

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In the countryside, peasants provide insurgents with their most basic need: popular support. All sorts of advantages can be derived from such support: secure hiding places, reliable intelligence, and material resources. Mao's dictum—that the populace is for revolutionaries what water is for fish—is canonized in operational recipes for insurgents; T. E. Lawrence's boast that he could make a rebellion with 2 percent of the population active and 98 percent "passively sympathetic" gets at the same point. The French strategists who wrote in the wake of the debacle in Indochina presented a similar argument: insurgency, in their terms, involves partisan plus psychological warfare—the latter to recruit some active insurgent fighters, but, even more, to reassure the passive support of most other peasants.[7]

The general traits of peasant rebellions thus must be understood in order to make sense of the role of insurgency. That role is more complicated than most modern studies of peasant rebellion recognize. In fact, some of these studies, though not downright wrong, miss what we consider to be the most crucial aspect, largely because that aspect is archaic and thus may seem important only to historians.

Modern Peasant Rebellion

In recent studies of rebellions in which peasants play a large role the emphasis has overwhelmingly been on the effects of modern market economies on traditional peasant life. These studies differ in whether they consider internal or external rebellious forces to be more important; both, however, stress the decay of conventional life.

Wolf, Paige, and Scott think of both modern and premodern peasant rebellions as being generated spontaneously within peasant societies, even though nowadays the forces that move peasants to rebel lie in external economic orders.[8] Wolf, for example, points to some "ecological crisis" resulting from the growth and spread of commercial capitalism (by foreign colonists and/or enterprises) that shatters the peasants' security in the traditional order and drives them to seek a "new and more humane social order." Markets disrupt the safety of traditional mutual rights and obligations and plunge peasants into what is, for them, an unfamiliar world; their violent actions thus are anomic. Similarly, Paige considers some market-induced disequilibrium in the agrarian sector as crucial; and Scott argues that the penetration of village life by market

[7] *Ibid.*

[8] Eric Wolf, *Peasant Wars of the Twentieth Century* (New York: Harper & Row, 1966); Jeffrey M. Paige, *Agrarian Revolution* (New York: Free Press, 1975); James C. Scott, "Hegemony and the Peasantry," *Politics and Society* 7, no. 3 (1977)), 267-96.

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economies disrupts the familiar village order, leaving peasants unshielded against the vicissitudes of vast, impersonal markets.

Migdal also attributes the role of readying peasants for dissident mobilization to capitalist change; but he asserts that peasant revolutions are created by external revolutionary organizations that mobilize peasant support. These organizations recruit and maintain members through a system of selective incentives. He maintains that, left on their own, peasants shun self-sacrificing actions that offer no immediate gain; they are intrinsically conservative and concerned solely with short-term benefits; so, for insurgency, he considers external mobilizers to be necessary.[9] Popkin, too, contends that peasants are rational problem-solvers who are well aware of their immediate interests; he thus emphasizes their individual decision-making processes rather than "exchanges" between external organizations and the peasantry.[10] However, he also views peasant involvement in political violence as "induced participation," in the sense of peasants responding to selective incentives offered by revolutionary movements. According to both Migdal and Popkin, non-peasant revolutionaries use the peasants' petty grievances for larger ends.

Despite their differences, both sets of writers treat contemporary peasant rebellion as entirely discontinuous from earlier peasant involvements in collective political violence. They seem to share a compulsion to link the peasant revolutions of our time entirely to a contemporary force: capitalist commercialization.

This relegation of earlier peasant rebellions to the merely antiquarian seems questionable to us. One reason for doubt is that the studies fly in the face of historical facts. Skocpol, for instance, has pointed out that peasant rebelliousness during the French, Russian, and Chinese Revolutions, though of considerable scope, was not preceded by breakthroughs to commercial capitalism nor by greater commercialization than had existed for many centuries.[11] The standard contemporary theory also fails to explain the conspicuous lack of peasant-based revolution following the rapid development of commercial capitalism in a multitude of historical cases, from Japan to India to areas of feudal Europe. In addition, the standard theory seems to endorse the view that peasants were quiescent until they were dislodged and mobilized because their traditional order was penetrated by "modern" forces—a view that ignores many centuries

[9] Joel S. Migdal, *Peasants, Politics, and Revolution* (Princeton: Princeton University Press, 1974), chap. 10.

[10] Samuel L. Popkin, *The Rational Peasant* (Berkeley: University of California Press, 1979), esp. 17-18 and 28-31.

[11] Theda Skocpol, *States and Social Revolutions* (Cambridge: Cambridge University Press, 1979), 54-77, 67-68, 82-83.

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of peasant violence against authority just about everywhere. Finally, peasant life and its mutualities have not been fully disrupted by commercial forces in many Third-World societies, or hardly at all in some, as Scott himself has pointed out.[12]

In seeking to understand insurgency, we consider it essential to explore historical continuity: how past and present factors interact in revolutions in rural settings. For this reason, let us consider peasant rebellion as it was, as a kind of pure type. Important vestiges of it remain a vital ingredient of present-day insurgencies.

Premodern Peasant Rebellion

The reason we need to construct a general "type" of pre-modern peasant rebellions is that the literature has been unkind to them. Although precapitalist peasant rebellions are commonplace, we have only one brief and tentative survey of them, by Alroy.[13] In general, treatments of particular peasant rebellions are highly descriptive (idiographic), virtually devoid of theory and conceptualization. The result is a lot of unused raw material, little more.

Some recurrent themes, to be sure, can be detected in the treatments, but all are more or less misleading. One is the romanticized view of the village *Gemeinschaft*, stemming from Tönnies's conception of traditional communal life as highly regularized, intimate, and secure through its networks of mutuality in obligations and rights. That view makes it hard to grasp the frequent occurrence of premodern peasant violence in the first place. The same applies to the common view of peasants as gentle, submissive toilers in the fields—hardly the stuff of which rebels are made—or as dunderheaded, gaping fools who can only be moved out of the rut of customary life, as the Petition of Rebellious Villeins of 1377 put it, by outside "counsellors, procurers, maintainers, and abettors."[14]

The Limits of Premodern Peasant Rebellion

One thing, at least, holds true for the earlier conceptions of the communally integrated, submissive peasantry as well as for the modern mode of explaining peasant rebellion by invoking the effects of external commercialization. Before peasant rebellions were syncretized with more modern forces, they were directed toward severely limited goals and, on

[12] James C. Scott, "Patron-Client Politics and Political Change in Southeast Asia," in Steffen W. Schmitt et al., eds., *Friends, Followers, and Factions* (Berkeley: University of California Press, 1977).

[13] Gil Carl AlRoy, *The Involvement of Peasants in Internal Wars,* Research Monograph 24, (Princeton: Center of International Studies, Princeton University, 1966).

[14] R. B. Dobson, *The Peasants' Revolt of 1381* (London: Macmillan, 1970), 76-78.

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the whole, momentary reactions to special grievances. Indeed, they were oriented more toward the restoration than toward the transformation of conventional order.

Arendt has argued that this can, in fact, be said of all premodern rebellion; it can be used to distinguish "rebellion" from "revolution" as types of political violence. In premodern political thinking and action, one can find ideas of recurrent cycles of political change, generated by corruption (as in Plato); one can find conceptions of political violence as essentially a struggle between the rich and the poor for over two millennia before Marx (e.g., in Aristotle); and one can find treatments of "alterations" and "mutations" in princely power (as in Machiavelli). But nowhere, from classical to early modern times, is there the least notion that the conventional order of things, with all its hierarchies, privileges, and constraints, might be fundamentally altered or that anyone might be "liberated" by uprisings, upheavals, or overthrows. "Revolution" is a word imposed by modern translators on ideas that have almost nothing in common with the modern meaning of the term. In societies conceived as divinely ordered or as fixed natural orders, such ideas could never have found currency.

The limited nature of premodern rebelliousness is most evident in peasant rebellions. Political violence by peasants typically resulted from specific grievances growing from violations of the traditional obligations of the privileged, and thus looked to a restored past rather than to a visionary future. Usually expressed in formal petitions or articles, the peasants' goals were often clothed in a rhetoric of religious and conventional righteousness. The grievances might be mere trifles, such as the right to use leather-soled footwear during the Tokugawa uprisings in Japan;[15] but the more common concern was precisely what one would expect from peasants: matters involving the rights and obligations of holding land, or even earlier entitlements, such as a demand for the abolition of the lord's monopoly over hunting and fishing rights and for access to common pastures.[16] One of the earliest documented instances of outright war between lord and peasants occurred in Normandy in the year 996, and resulted from disputes over hunting and fishing rights. As seigniorage developed from the tenth century on, feudal lords began to assert claims of overriding property rights in fields, pastures, and rivers; peasants' demands became directed more toward landholding itself, especially of what had once been common lands. In what is perhaps the most famous document of peasant goals, the so-called "Declaration of

[15] Hugh Borton, *Peasant Uprisings in Japan of the Tokugawa Period* (Tokyo, 1938).
[16] Henry A. Landsberger, *Rural Protest* (London: Macmillan, 1974), 76.

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the Twelve Articles," or "Memmingen Articles," of German peasants during the Peasant War of 1525, the peasants demanded the return of "meadows and fields which at one time belonged to a community . . . into our own hands."[17] Such a request is not only far from revolutionary: it harks back to conditions already archaic in medieval feudalism.

A related prevalent demand by peasants was for the abolition of rents and services. The English peasants who rebelled in 1381 placed freedom from the exactions of serfdom at the head of their social goals. They did claim a degree of legal freedom (charters of manumission); but, more specifically, they asked for the basic economic means to implement it: that is, the right to hold land at a fixed rent.[18] More than half of the Memmingen Articles repeat the essence of peasant demands made in other countries throughout the Middle Ages—the abolition of excessive services and heriots (death duties), the reduction of rents and tithes, and the elimination of laws that made a fair settlement of disputes between peasants and lords impossible. These were the aspects of feudal mutualities most frequently abused by landholders.

Premodern peasant rebellions had not only "immediate interests" as goals, however. In religion-based societies, they quite as often had the objective of restoring the ecclesiastical orders to what they had been in some "time before" the church's contemporaneous corruption. In studies of the German *Bauernkriege*, Zimmerman, Bax, and—perhaps surprisingly—Engels all emphasize the point that the breakdown of church authority during the Reformation provided peasants with the occasion to attempt, by violent means, to redress long-standing grievances.[19] Some of these were economic, such as attempts to settle accounts with church officials who had turned a deaf ear to earlier peasant protests. Such settlements, however, were to be attained in the context of removing vices that had corrupted spiritual life in religious orders.

It is, then, not incorrect to regard premodern peasants as "conservative," even in violent dissidence. Visions of radical change, of some sort of a new and better world, played no part in historic peasant violence. Hierarchy and inequality, privilege and subordination, were regarded as in the unalterable nature of things. Oppression was perceived, but it was considered "natural" and accepted so long as the oppressor stuck to customary relations.

[17] Friedrich Engels, *The Peasant War in Germany* (New York: International Publishers, 1926).

[18] Sir Charles Oman, *The Great Revolt* (Oxford: Clarendon Press, 1906), 155.

[19] Wilhelm Zimmerman, *Allgemeine Geschichte des Grossen Bauernkrieges* [General History of the Great Peasant War] (Stuttgart, 1981); Ernest Belford Bax, *The Peasants' War in Germany, 1525-1526* (New York: Macmillan, 1899); Friedrich Engels (fn. 17).

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Ideas of discontinuity between past and present rebelliousness are thus not without foundation. Still, they capture only a part of the picture. Above all, they omit two aspects of premodern peasant rebellion that link it to and play critical roles in modern insurgencies.

MILLENARIANISM

Premodern peasant rebellions generally did have utopian elements, at least in spirit, although the peasants' utopias entailed a return to imagined pristine, aboriginal conditions rather than the creation of unprecedented social orders. The idea of returning to utopia already permeates Greek thought; we even find echoes of it in Marx and Engels' notion of primitive communism. Its relevance to modern insurgency is twofold. First, the idea of *returning* to utopia has an obvious affinity to the more modern idea of "*progressing* to utopia," which is crucial in the modern idea of revolution. Both, obviously, are utopian—a fact captured nicely in the title of Edward Bellamy's visionary work, *Looking Backward*. Second, the idea of impending utopia supplies psychic energies that are hard to dispel by arms or tactical devices, and that sustain insurgents and their supporters in the face of egregious hardships.

Millenarian incitements, views of the apocalypse, messianic upheavals, and other cataclysmic fantasies typically have appeared along with peasants' modest demands. They seem to contradict perceptions of peasant behavior as conservative and, within the limits of "amoral familism," as self-seeking in petty ways.[20] Cohn tries to keep that view intact by arguing that millenarianism originated in non-peasant strata.[21] That is doubtful. Millenarianism, or chiliasm (literally the doctrines of Christ's return as the Messiah and the Christian millennium), had long been a feature of peasant lore; it harked back to a world without sorrow that provided consolation to those living in an oppressive social order. Although the contemporary world was perceived as unalterable by mere human contrivance, it was rejected as evil, while a passionate craving for a resurrected golden order and the belief in an Anointed Savior who would bring prophecy to fulfillment sustained the oppressed. Chiliastic enthusiasm thus looked back to antiquity: it sprang from the folklore, mythology, and religion in which peasants were immersed. A substantial portion of the peasants' ideological order has always been devoted to expectations of the apocalypse—a "moment" of struggle between good and evil at which a miraculous event will transform the world. Such

[20] Edward C. Banfield, *The Moral Basis of a Backward Society* (Glencoe, IL: Free Press, 1958), 83.

[21] Norman Cohn, *The Pursuit of the Millennium* (Fairlawn, NJ: Essential Books, 1957), 24.

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eschatology may manifest itself in the theological language of Judeo-Christian prophecy or in the ghost dance of the Peyote cult, as well as in many other ways. It has always provided at least an undertone in the beliefs of oppressed peoples, offering the anticipation of a world purged of wickedness and suffering, not unlike the visions and cults of leadership in modern revolutionary movements. Indeed, from the late fourteenth century on, distinctions between religious transformation and socioeconomic utopianism began to be blurred: they appeared as two faces of one coin.

As we have seen, the rebellions of the English peasants in 1381 and the German peasants in 1525 concerned relatively simple and immediate matters of land, lord-peasant relations, and church liturgy. But both countries had also witnessed the work of certain visionary religious reformers: Wycliffe in England and Luther in Germany. In both countries, as well, dissident clerics carried the teachings of reform to a socioeconomic extreme, particularly in converting hatred of ecclesiastic wealth and worldliness (*avaritia* and *luxuria*) into a general hatred of the landowning classes. One scholar who has surveyed medieval sermons notes that in England even orthodox preachers reserved their most biting criticisms for the rich, using Wycliffe's doctrine that "all good things of God ought to be in common" to justify the abolition of lordship—a use that Wycliffe himself never intended.[22] In Germany the "plebian heresy" begun by Luther demanded the restoration of ancient Christian equality; for many, equality of the children of God implied civil equality—indeed, as interpreted by Engels, equality of property.[23]

The rebels who confronted King Richard II at Mile End and those who delivered the Memmingen Articles had no intention of inciting full-scale religious revolt in the name of the millennium. But all that was required to make it serve that purpose was, first, to induce peasants to interpret the Last Judgment as a day of vengeance for the poor, and second, to bring the Day of Judgment nearer—"to show it not as happening in some remote and indefinite future but as already at hand."[24] Regarding the first requirement, Cohn tells us, English and German peasant audiences of the time had come to believe in eschatological prophecy in the context of "the lowly against the great," as in Matthew 13:37-43, a widely preached text:

[22] G. R. Owst, *Literature and the Pulpit in Medieval England* (Cambridge: Cambridge University Press, 1933), 287.
[23] Engels (fn. 17), 54.
[24] Cohn (fn. 21), 214-15.

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He that soweth the good seed is the Son of man;
The field is the world; the good seed are the children of the kingdom; but the tares are the children of the wicked *one*;
The enemy that sowed them is the devil; the harvest is the end of the world; and the reapers are the angels.
As therefore the tares are gathered and burned in the fire; so shall it be in the end of this world.
The Son of man shall send forth his angels, and they shall gather out of his kingdom all things that offend, . . .
And shall cast them into a furnace of fire:
. . . Then shall the righteous shine forth as the sun in the kingdom of their Father.

The coming of the millennium was made to seem current by self-proclaimed prophets like John Ball in England and Thomas Münzer in Germany. The John Ball of Froissart's *Chroniques* is a mad priest—a scoundrel having been properly jailed three times by the Archbishop of Canterbury for his "absurd preaching." In the marketplaces of Kent, following Sunday mass, he would deliver sermons to the "wicked rabble" using the theme of the doggerel,

When Adam delved and Eve span,
Who was then a gentleman?

He would lay the cause of peasant hardships squarely on the shoulders of the nobility—"evil men" who, against the will of God, had introduced serfdom—God having created all human beings free and equal. He would urge that

things cannot go well in England until all things shall be in common; when there shall be neither vassals nor lords; . . . For what reason do they hold us in bondage? Are we not descended from the same parents, Adam and Eve? And what can they show, or what reason can they give, why they should be more masters than ourselves?[25]

The immediate remedy was remonstrance with the king. If he were to give an unfavorable answer, then kill the nobles and higher clergy: destroy the demonic host.

Münzer, preaching one-and-a-half centuries later, also bestowed on the peasantry the task of inaugurating the millennium. While a preacher at Alstätt, Münzer expounded doctrines subversive of the social order with all the rage that "the Divine Spirit had inspired in him." In a sermon well-stocked with biblical images of the apocalyptic destruction of the world, Münzer demanded the death of godless priests and monks who had perverted the Gospel. He attacked social evils such as usury,

[25] Sir John Froissart, *Chronicles* (New York: Colonial Press, 1901), 212-13.

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which the nobility employed to shackle the "common man."[26] Like Ball, he argued that inequality was the invention of the rich and the powerful, now used as a weapon of tyranny. But these very excesses of the princes, lords, and wealthy clergy were a sign that the final consummation of the millennium was at hand.[27] Ball and Münzer were considered to be God-sent messianic leaders who would induce their followers to found a new Kingdom. We need hardly dwell on the resemblances between such religious messianism and secular utopianism.

Millenarianism does not occur only in the domain of Judeo-Christian tradition. Prophetic messages of the regeneration of the world abound in the lore and religions of all lower-class rural cultures. Lanternari makes the following comparison between the religious experiences of the people of Africa, the aboriginal populations of Asia, Oceania, and the Americas, and the experiences of men of medieval Christianity:

> The fact [is] that the origins of the messianic movements now identified with the religion of the West provide historical antecendents for the nativistic messianic movements of people under colonial rule . . . , all of them have risen equally from crisis and dilemmas and they have a message of salvation and hope. . . . The messianic message of old appears now in a new garb.[28]

There are, of course, differences among the movements. In Europe, they were generated by internal dissensions; in the rest of the world, they have been expressions of conflict between native society and colonial intruders. The spirit of millenarianism, however, is much the same everywhere. Modern disruptive forces are much more likely to have aroused, rather than made obsolete, passions so long and deeply ingrained.

BANDITRY

Millenarianism is always latently present in archaic peasant societies, and is politically aroused in the process of rebellion. Much the same applies to a second aspect of premodern peasant rebellion that is almost entirely neglected in the literature: the role of bandits. The reasons for this neglect are, first, our tendency to equate banditry with mere criminal activity and our conventional conception of it, which misses important aspects of it in unfamiliar, rural societies. Second, in certain cases, such as that of Malaya, insurgents have been labelled "bandits" in order to play down the political aspects of the struggle.[29] Third, in some cases,

[26] Bax (fn. 19), 240-41.
[27] Cohn (fn. 21), 260.
[28] Vittorio Lanternari, *Religions of the Oppressed* (New York: Knopf, 1963), 244-45.
[29] Osanka (fn. 2), 293-97.

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such as Colombia's *la violencia*, widespread banditry has signified the decay of violent political dissidence. Finally, but not least, studies of rural insurgents have focused on top leaders rather than on more anonymous actors. The major exception to this is Hobsbawm's splendid, wide-ranging study of rural banditry.[30] The link between banditry and rebellion has also been at least touched on in other studies, usually in passing: for instance, in Hsieh's and Lust's accounts of the Chinese Revolution of 1911 and in Hofheinz's study of rural rebellion in China during the 1920s.[31] Whatever their motives, there thus was at least some sense in the tendency of British military men involved in the Malayan insurgency to confuse rebellion and banditry.

Just as millenarianism may be the forerunner of visionary secular rebellion, so peasant-bandits readily become peasant-rebels. Millenarianism motivates peasants involved in insurgency. Peasant-bandits fill a more tangible need for pertinent know-how; they also provide useful recruits to active revolutionary forces. The line between the criminal activity of rural bandits (who defy established authority) and their political mobilization (in attempts to alter or destroy such authority) has always been thin and has often been crossed.

According to Hobsbawm's *magnum opus* on the subject, peasant banditry should not be confused with mere thievery. In dealing with bandits, we deal with "a form of individual or minority *rebellion* in peasant societies." Peasant bandits, although regarded by "Lord and state" as mere criminals, "remain within peasant societies, and are considered by their people as heroes, as champions, avengers, fighters for justice, perhaps even leaders of liberation, and in any case as men to be admired, helped, and supported." Hobsbawm considers this phenomenon "amazingly uniform" in peasant societies, and therefore a reflection of similar situations in such societies. He finds banditry, in the form described, in agricultural Europe as well as in China, Peru, Sicily, the Ukraine, Indonesia, the Americas, the Islamic world, South and East Asia, and even in Australia.[32]

Bandits have always been only a tiny proportion of peasant populations, but their number has generally become enlarged by rural surplus population, runaway serfs, and the like. This is especially true during periods of social disruption: bad harvests, military cataclysms (like the Thirty Years' War), and, we may suppose, the dislocations brought about

[30] Eric Hobsbawm, *Bandits* (New York: Dell, 1969).

[31] Cited in John W. Lewis, *Peasant Rebellion and Communist Revolution in Asia* (Stanford, CA: Stanford University Press, 1974), 48, 293.

[32] Hobsbawm (fn. 30), 136 (italics added); 14.

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by the penetration of market capitalism into peasant life. Although no longer integrated into conventional peasant society, they remain intimately connected to the village. Why are bandits hero figures to peasants? Because they are "free men"; because they carry a certain macho aura, asserting themselves where others submit; because, at least in legend, they prey on the rich and give to the poor—like Robin Hood, a typical peasant bandit; and because they take to banditry to avenge wrongs only too familiar to peasants—like Pancho Villa, the legendary Brazilian, Virgulino, who was said to have been falsely accused of theft and expelled from his village, and to have committed himself to a life of terror upon the *gringos* and to upholding sexual morality against violation by landlords.

The natural habitats of rural insurgents are also those of bandits: mountains, trackless plains, marshlands, and estuaries with their labyrinths of waterways. There they develop skills that are invaluable in insurgent operations. And bandits are "natural" rebels. Their ideology is to sweep away evils, to restore a just community. Not least, in modern times, they have become focal points of the zeal for national liberation—bandit-patriots—because corruption is readily identified with exploitative foreigners who are not themselves part of the conventional world of hierarchy or bound to its networks of mutualities. Bandits thus are idealized men, whose invincibility, courage, and righteousness are glorified in folklore and picaresque literature.

In these ways, peasant bandits are readily absorbed into insurgent movements. They are able to develop special skills for insurgent conflict and, most important, to provide a positive link (even hero worship) between peasant societies and rural rebels. Moreover, insurgents, equated with bandits, become figures that are familiar and glorified in peasant societies; that fact adds to the positive passions that derive from chiliastic visions.

IMPLICATIONS

We have not argued that insurgency is archaic peasant rebellion extended to the present, but rather, that aspects of the latter are vitally important to understanding more recent political violence. Peasant rebellion, in its historic form, has never sufficed to accomplish revolutionary change. Many of its features—anarchic violence, weak or no "leadership," embryonic organization—have doomed premodern peasant rebellions to impotence, regardless of the damage they have often wrought. No matter how passionate the rebels, these limitations were inherent in the communal, rural life in which peasant rebellion broke

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out. Immobility, subordination, lack of choice, and the very unfamiliarity with making choices (due to kinship, religiousness, client-patron relationships, and little or no experience with formal organization), all worked against peasant rebels regardless of the urgency of their demands. Even the very aspects of peasant rebellion we have linked to insurgency prevented such rebellions from rising to the level of modern insurgency in archaic contexts. Thus, chiliasm promised great goals, but without exertion. Through the bandit-hero's celebrity, peasants could vicariously live out their fantasies of noble adventure in a "free," self-ordained world. These features of rural life constituted forces that made for indigenous revolts, but they also made them short-lived and unable to accomplish major goals. More is needed to realize fundamental change.

In the end, then, pure peasant revolts always succumbed to their own limitations. No peasant uprising ever brought about a change of state power. Even the limited demands of the rebels, though they might on occasion have been granted, were never fully satisfied. Peasant rebellions generally were summarily put down. Hobsbawm summarizes the tragedy of "primitive rebels": they do not form a common movement, and they lack sophisticated organization, strategy, and weaponry.[33] Ironically, though, once these ingredients are added, peasant rebellion becomes an extremely powerful brew. What is more, it becomes a most puzzling phenomenon to scholars and policy makers in advanced societies.

III. Revolution

Ideological Innovation

Hobsbawm's allusion to the lack of a "common movement" refers not so much to rural-urban coalitions as it does to the lack of innovative, shared, explicit ideology with which to replace vague, hopeful messianism. Such ideology is supplied by the modern idea of revolution, the origin of which can be dated rather precisely to the American and French Revolutions. "Revolution" in the modern sense removed what was perhaps the chief constraint on peasant rebellion—the passion that could only be, in Simmel's words, "sterile excitation."

As first used in astronomy, the term revolution meant a "movement revolving back to some pre-established point." The American Revolution, like the British "Glorious Revolution," did in fact involve the idea

[33] Eric Hobsbawm, *Primitive Rebels* (Manchester, England: Manchester University Press, 1959).

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of restoring "an old order of things that had been disturbed and violated by . . . despotism. . . .[34] However, this ancient notion of a return to utopia already was linked, in American patriotic language (and even more in French), to its absolute opposite: making a new beginning. The messianic role in innovative utopianism, however, was early on still to be played by a catastrophic, "natural" upheaval, not made by human contrivance. Upon that upheaval, "history would begin anew," bringing into being new societies and new men. The revolutionary cataclysm would, above all, bring liberation from old restraints and oppressions, and usher in what the Greeks called isonomy: perfect equality of citizenship through universal liberty. The innovativeness, the sense of a new beginning that stood old utopian fantasies on their head, is nowhere more evident than in the French revolutionary calendar of 1793, which abolished the supposed frauds of the Christian calendar and began chronology with the year in which Louis XVI was executed.[35]

It should be evident that peasant millenarianism would provide a highly receptive climate for innovative utopianism. The new utopianism resonates with the ancient fancies of the oppressed, and, within their rhetoric, of historical inevitability ("revolutionary torrents," "a lava stream of revolution," "revolutionary tempests"). This also applies to their identification of devils to be eradicated, whether feudal aristocrats, landowners, or capitalists.

The old messianic figures and visions of a purified society were provided by revelation or folklore. The work of devising new revolutionary ideologies, as Arendt points out, was done by "professional revolutionaries"—men who did not spend their lives in action but in revolutionary thought, theory, and debate, "in the famous libraries of London and Paris, or in the coffee houses of Vienna and Zürich, or in the relatively comfortable and undisturbed jails of the various anciens régimes."[36] Instead of plotting revolution, the revolutionists watched the progressive disintegration of society, and took power once the revolution had broken out.

This leaves out an important aspect of modern revolution: the devising of revolutionary strategy and calculation. DeNardo contends that Arendt's account of modern revolution fits what he calls the "historical pattern" of explanation, making revolution analogous to natural calamity: imminent in historical order and beyond human control. Such a vi-

[34] Arendt (fn. 5), 42, 43-44.
[35] Crane Brinton, *A Decade of Revolution: 1789-1799* (New York: Harper & Brothers, 1934), 150-51.
[36] Arendt (fn. 5), 259.

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sion, he says, "allows little room for political maneuvering by the dissatisfied elements in society who long for a new social order."[37] He considers this a defect of all "historical" theories of revolution—a category under which he subsumes virtually the whole social-scientific bibliography on revolution, including Tocqueville, Marx and Engels, Arendt, Davies, Eckstein, Gurr, Johnson, Smelser, and Skocpol. All of these analysts, contends DeNardo, accord secondary status to the professional revolutionaries and their strategies. This might be justified in the case of the French Revolution, and, much less so, in the Russian. But it distorts the cases of China and Vietnam. Those revolutions, and other more recent political violence, were far less spontaneous—less "natural"—than the ones in France and Russia; they thus challenge the historical explanations generated chiefly by the French experience.

No doubt, calculation and maneuvering play a major role in modern insurgencies. But, surely, so does zeal. Arendt put her finger on the "professional revolutionists' " critical role in fostering the latter: they were ideologues who delineated ideological principles that could do the work of messianic inspiration: promises based on the irresistible force of history and the appeals of universal freedom, general happiness, and the communal spirit of shared citizenship.[38] Before there could be insurgency as we know it, the regressive, passive millenarian vision had to be replaced by something innovative but equally visionary—something that could be used cunningly to stir and mobilize the insurgents.

Revolutionary Organization and Strategy

Although insurgency is nothing if not zealous, contemporary insurgencies involve large elements of calculation that make fervor efficient rather than sterile. Here, too, the modern idea of revolution forms a syncretic mix with the old type of rebellion.

The towering figures of the French Revolution (Danton, Marat, Mirabeau, Robespierre) did not engage in organization or strategic preparation. Sophisticated methods of mass mobilization, rational organizational structures, or strategic behavior were still unknown, for any purpose. By the time of the Russian Revolution, however, the leaders were able to prepare their strategy. Lenin became deeply concerned with constructing a revolutionary consciousness among the masses in order to precipitate the struggle. Although the Bolsheviks' claims of responsibility for bringing down tsardom are questionable (most of their leaders having been in exile at the time), these revolutionists did lay the groundwork for a mass

[37] James DeNardo, *Power in Numbers* (Princeton: Princeton University Press, 1985), 11.
[38] Arendt (fn. 5), 221.

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uprising. But the Bolsheviks, like the Mensheviks, still believed initially that any revolution must spring from a spontaneous, French-style uprising; their task was to create a political climate favorable to mass insurrection.[39] Because the Bolshevik experience consisted in part of ideological and organizational work, and in part of waiting for the outbreak of violence, DeNardo considers it a transitional case, leading to later revolutionary strategy—to "making" revolution, not simply awaiting its arrival. The idea that underlies this transition from passivity to contrivance is the view that history can be accelerated. The "two greatest revolutionists of the whole period," Marx and Lenin, came to the conclusion, from examples, that the irresistibility of political violence could be made more irresistible. While witnessing the Paris Commune of 1871 (Marx) and the Revolution of 1905 (Lenin), both were struck by outcomes that "they themselves were entirely unprepared for":[40] rudimentary revolutionary organizations were able to survive without revolution. In the communes, the councils, the *Räte*, the *soviets*—all of which, unlike the organs of the French Revolution, outlived the struggle—Marx and Lenin briefly saw the potential to generate and direct organizations to seize power by strategic manipulation through organization.

Thus, the complement to ideological mobilization by revolutionary ideology is revolutionary organization. Most of the contemporary literature in fact rejects the idea of the primacy of ideological motives in the mobilization process. It concentrates more on the personal traits of individuals who join banned organizations (even though they may not actually abhor incumbent regimes). The literature also focuses on organizational methods and appeals as instruments of recruitment. Paul Berman, for instance, argues that "relative deprivation" now plays a minor role in activating villagers; rather, the peasantry is mobilized by organization: the Front seeks out the peasant, not vice versa.[41] Many government officials and military observers have commented on the centrality of the insurgent organization and the "combat party" as targets of counterinsurgency plans.

As we have seen, revolutionary organization is a relatively recent phenomenon. The "organizational weapon" is essentially a Bolshevik creation. Lenin, in tracts like *What Is to Be Done?*, argued for the initiation of an "organization of revolutionaries" without whom "no class in modern society can wage a determined struggle." Insisting that revolutionary awareness must be brought from outside to the proletariat and semi-

[39] DeNardo (fn. 37), 181-82, 24-25.
[40] Arendt (fn. 5), 256.
[41] Berman, *Revolutionary Organization* (Lexington, MA: D. C. Heath, 1974), 76-77.

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proletariat—which he considered to be incapable of "irreconcilable antagonism" toward the whole social and political system—Lenin placed the burden of revolution on an organized vanguard party more than on historic process.[42] Surely, peasants are even less capable of making real revolution than workers, if not organized and directed.

Not only is revolutionary organization a modern phenomenon, but it is itself *made possible* by modernity. The systematically, "rationally" organized political party, whose sole purpose it was to make revolutions happen (or, for that matter, to win elections) emerged in the late nineteenth century. Lenin himself described the development of revolutionary organizations as an evolution from underground groups based upon "personal friendship or an instinctive confidence for which no reason was given," into complex structures governed by formal, bureaucratically stated rules[43]—a view that could have come from Weber as readily as from Lenin.

In the twentieth century, then, we have witnessed the development in revolutionary movements of all the usual features of bureaucratized revolutionary organizations: specialization of functions, rigid hierarchies, insulated roles, and so on—traits that would have baffled the revolutionaries of eighteenth-century France. The objectives that Philip Selznick attributes to the operational code of the "combat party"—conversion of adherents into agents, mobilization and manipulation of the masses, conspiratorial work, total absorption of members[44]—were possible only because the Bolsheviks were able, with a cold, scientific exactness, to determine who their friends and enemies were, which institutions were most easily penetrable, and where the sources of power in society actually lay. Their success in strategic intelligence reflects the state of society and politics at a very late developmental stage, when "efficiency" has primacy over the emotionally evocative traits of polities.[45]

The potency of ideological innovations has thus been reinforced by organizational devices that mobilize followings, keep them in being, and allow thoughtful strategic actions instead of impulsive mob violence. That is not to say that conspiratorial organization alone can make insurgencies—nor the converse, that insurgencies can be suppressed by calculated force. Organization harnesses the grievances and fantasies of the oppressed, as revolutionary ideology gives them expression. Both have

[42] V. I. Lenin, *What Is to Be Done?* (New York: International Publishers, 1929), 196, 197.
[43] V. I. Lenin, *One Step Forward, Two Steps Back* (New York: International Publishers, 1967), 122.
[44] Selznick, *The Organizational Weapon* (Glencoe, IL: Free Press, 1960), 17-73.
[45] Harry Eckstein, "The Idea of Political Development: From Dignity to Efficiency," *World Politics* 34 (July 1982), 451-86.

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gradually evolved in the modern era, in revolution, and in general social life.

IV. Guerrilla Warfare

Insurgency needs one more ingredient to account for its evident power. Ideology is inert even when organized. Organized ideology and passions become active only when they find appropriate tactical devices: operational doctrines. That is where the still missing ingredient is needed: guerrilla tactics. Peasant banditry provides a fertile base for such tactics in terms of recruitment, pertinent know-how, support and admiration, and in the general idea of groups *of*, but not *in*, peasant society. Bandits may readily become guerrillas, much as millenarianism could readily be identified with revolutionary ideology. Banditry per se hardly suffices to transform authority, but guerrilla tactics have confounded the opponents of insurgencies to the point of excessively cruel (though pointless) countermeasures; and the know-how of bandits is at least highly useful, if not indispensible, in the effective use of guerrilla tactics.

Originally, such tactics were adopted mainly for purposes of defense, by militarily weak people—as disruptive actions that might sap military power. Clausewitz's analysis of "The People in Arms" (*Volksbewaffnung*), the classic early treatment of guerrilla warfare, is contained in the "Defense" section of *On War*. Drawing on the Spanish experience with "small war," he described the use of armed civilians:

> . . . to nibble at the shell and around the edges. . . . operate in areas outside the theater of war—where the invader will not appear in strength—in order to deny him these areas altogether. . . . build up around the invader the farther he advances. . . . threatening his lines of communication and his very existence.
>
> A general uprising . . . should be nebulous and elusive . . . never materialize as a concrete body. . . .

In a prescient passage, moreover, Clausewitz mentions the special role peasants may play in such a war of annoyance:

> . . . peasants in arms will not let themselves be swept along like a platoon of soldiers. The latter will cling together like a herd . . . ; peasants, on the other hand, will scatter and vanish in all directions, without requiring a special plan. . . . An area may have long since been cleared of enemy troops, but a band of peasants that was long since driven off by the head of a column may at any moment reappear at its tail.[46]

[46] Carl von Clausewitz, *On War*, ed. and trans. Michael Howard and Peter Paret (Princeton: Princeton University Press, 1976), 480-81.

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Wily peasants, then, were the most likely to survive attacks by conventional military forces, and were most suitable to the practice of irregular war.

The essential function of "small wars" was to keep conflict alive for self-protection; however, guerrilla tactics were undeniably also "offensive." Peasants had long resorted to bushwacking, small raids, and terrorist attacks to attain goals that were out of reach to regular military force. For example, in one of the best historical analyses of writings on the subject, *Guerrillas in the 1960's*, Paret and Shy maintained that the prototype for insurgent guerrilla operations occurred not with the Spanish resistance to Napoleon, but fifteen years before that.[47] In 1793, the infant French Republic faced a series of counterrevolutionary outbreaks in the Vendée, which combined ingredients familiar today—irregular tactics, propaganda, and foreign support—in an attempt to reestablish the Bourbon monarchy.[48] These outbreaks also exemplify the backward-looking passions of archaic peasant rebellion.

Clausewitz was hardly enthusiastic about "people's wars" that debased "professional" warfare and involved fearful costs. Marx and Engels, on the other hand, admired the Spanish guerrillas who "nibbled at the shell" of Napoleon's forces while the main armies were engaged by Wellington. What mattered to them was the "sacred" cause, not the price or respectability of ways of waging war. They disdained the conventions that had become de rigueur in the eighteenth- and nineteenth-century wars, and that they saw as obstacles to "real war"—war between oppressed and oppressor, in which the entire nation would take part.[49] In 1870, after the surrender of the main French forces to the Prussian army at Sedan, the francs-tireurs, who had harried the Prussian invaders all along, continued to fight, confronting the enemy with a call for a "war to the knife." Marx applauded this unconventional resistance, and Engels commented sarcastically that it seemed that only the barbarians had recognized and made use of the right to fight individually and that the civilized nations conformed to a certain etiquette which precluded them from continuing the struggle after the official capitulation. To believe that a nation which continued to defend itself after the destruction of its regular army was committing a breach of propriety was, to Marx, a "typically Hohenzollern" idea.

[47] Paret and Shy (fn. 2).

[48] Peter Paret, *Internal War and Pacification: The Vendée 1789-1796*, Research Monograph no. 12 (Princeton: Center of International Studies, Princeton University, 1961).

[49] Hans Speier, *Revolutionary War* (Santa Monica, CA: Rand Corporation, P-3445, 1966).

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If we ignore the perhaps imaginary exploits of Sun Tzu two millennia ago (referred to by Mao), the first systematic exploitation of guerrilla capabilities occurred in 1916-1918 under the command of Colonel T. E. Lawrence, one of the great military leader-theorists of recent times. Two years after Lawrence organized and led Arab irregulars, he laid down the tactical essence of guerrilla warfare in his article, "The Evolution of a Revolt."[50] The numerically weak Arab guerrillas were trained to confuse, harrass, taunt, wear down, and demoralize their Ottoman foe. Lawrence displayed great acumen in his dealings with Arab tribesmen, as well as a profound understanding of the crowd in action. Psychological elements and the social aspects of war played a prominent role in his methods. Once the zealots were secured as soldiers, and once the masses were pacified and their support assured, victory would be certain. The presence of enemy forces, in fact, was secondary; greater attention was to be paid to

> the pathic, almost ethical, in war. . . . It was more subtle than tactics and better worth doing because it dealt with uncontrollables, with subjects incapable of direct command. It considered the capacity for the *mood* of our men . . . we had to arrange their *minds* in order of battle just as other officers would arrange their bodies.[51]

Lawrence bribed his way into Arab hearts with British gold, exploiting especially the passionate force of Arab tribal sentiments. He used the apparently chaotic mobility of the Bedouins to "reduce the Turks to helplessness," pursuing to the end the dictum that wars can be won without battles.

In Lawrence's time the "irregular" ways that were the guerrillas' mode of operation seemed improvised and capricious to orderly, regular military minds; that is still the case today. Nevertheless, by now a well-developed set of tactical doctrines underlies them. We need not spell them out, because they can be found in our libraries—not least in Mao's military writings.[52] But they seem useless without the "mood" that gives them force or the peculiar local know-how of peasants, especially the ones expelled from peasant societies and forced to operate on their peripheries.

[50] Lawrence, "Evolution of a Revolt," *British Army Quarterly*, vol. 41 (1920).

[51] T. E. Lawrence, *Seven Pillars of Wisdom* (New York: Doubleday, 1935), 135; italics added.

[52] Mao Tse-Tung, *Mao on Guerilla Warfare* (New York: Praeger, 1961), and "Struggle in the Chingkang Mountains," in *Selected Military Writings* (Peking: Foreign Languages Press, 1972).

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V. Conclusion

The Nature of Insurgency: A Summary

We stated our conception of the nature of insurgency at the beginning of this essay. Now we can summarize that view in light of the elaborations we have presented.

Insurgency is a compound of archaic and modern elements. In this way, it fits in well with much of the Third World, which is a similar mix of historically disparate elements, both demographically and in modes of acting and thinking. The more modern social elements of that mix—especially westernized intellectuals—should (and do) play a special role in the modern components of insurgencies, in ideologizing and organizing, and in positions of leadership. We have emphasized even more the continued role of archaic grievances and passions, because passions seem to us to give insurgency both its uncanny power over superior material force and because they are the elements of insurgency most mystifying to Western theorists and policy makers.

More precisely, in insurgency, the so-called conservatism of peasants becomes even more deceptive than it was in the past. The same limited changes—especially in landholding—are still sought. But now, revolutionaries intervene and introduce the idea of a visionary "cause," not so much as an end in itself, but as a means to drive landlords off the land, to appropriate land for peasant use, to rid the village of corrupt officials. Nothing convinces more than success. After immediate goals are realized, thoughts dwell on ancient promises of a heavenly kingdom on earth. Millenarian fantasies, which existed in the peasant's life, in his father's life, and in the life of his father before him, have now become "realistic" expectations. The successful work of revolutionaries creates visible change, and does so rather quickly; when peasants see landlords fleeing, their allegiance to the "cause," even if grasped only as verbiage, is established; moreover, a sense of anticipation of immediate change overcomes fatalism and passive dreaming. Surely, that makes archaic passions more usable.

Hobsbawm had our basic point exactly right when he stated, based on observations in Sicily, that millenarian enthusiasm is attached to revolutionaries.[53] Zeal, easily dissipated before, now changes into durable allegiance to modern revolutionary movements through their permanent, coherent organization. It may manifest itself in direct recruitment or in passive, but stubborn and reliable, support.

[53] Hobsbawm (fn. 33) 105-7.

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This transformation also involves a change in the nature of violence. Under the control of disciplined, organized revolutionaries, frenzy is systematized: its energy is controlled and its efficiency is increased by guerrilla practices. Insurgencies fit Trotsky's famous argument that, without revolutionary organization, "the energy of the masses would dissipate like steam not enclosed in a piston-box. But nevertheless what moves things is not the piston or the box, but the steam."[54]

The syncretizing of archaic and modern forces in insurgency has never properly been grasped in the considerable literature on the subject—most of it dealing with counterinsurgency practices, and a small proportion dealing with theory. We have tried here only to clarify its nature; but by doing that, we have also explained its peculiar force. The full-scale theoretical and practical implications of the conceptual argument require a separate essay, and a long one. At this stage, that may not be an urgent task, for a number of reasons.

The Future of Insurgency

Nothing in contemporary military writing is more pathetic than the voluminous attempts to find viable counterinsurgency doctrines.[55] And nothing in recent violent conflict has been more cruel or more inefficient than the practice of the doctrines. Our failure to grasp the very nature of the phenomenon is most evident in the frequent reduction of insurgency to mere warfare—of a kind: guerrilla, irregular, remote-area, low-intensity (*sic*), and the like. For that reason, this essay should help, as a start, to clarify the issue.

But it is also possible that techniques, no matter how efficient, cannot suffice to defuse the mix of millenarian zeal, revolutionary ideology and organization, and guerrilla warfare. The metaphors of tidal waves, floods, and lava streams of revolution may be more pertinent to insurgency than they were to the great revolutions. We may lack sensible ideas about effective counterinsurgency measures simply because no such measures exist. Insurgencies, to be sure, *have* failed, but more often because of the conditions under which they were waged than because of military, or political, countermeasures. The prototypical case in point is Malaya, where ethnic conflict between Chinese and Malays fatally weakened rebellion.

It is possible (even likely), however, that the task that has confounded

[54] Leon Trotsky, *History of the Russian Revolution* (London: Victor Gollancz, 1965), vol. 1, p. xix.

[55] See the compilation in Osanka (fn. 2) and the recent summations in Blaufarb (fn. 3) and Shafer (fn. 3).

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military (and other) minds may be made unnecessary, ironically, by that old ally of revolutionaries: history. We can only suggest the idea this involves, and illustrate it briefly.

The fundamental point is that, through modernization, the archaic elements of insurgency will subside and perhaps ultimately vanish—thus dissipating the "steam" that moves the piston box of organized revolutionary violence.

It would certainly be foolhardy for policy makers to rely on history to do their work. Still, there is much concrete evidence that insurgency may become passé with the history of failure of the Latin-American *focos*—which has been as mystifying to exponents of insurgency as insurgency has been to its opponents.

The idea of the *foco*, as a (supposed) adaptation of Asian insurgency to Latin America, was put to use successfully in Cuba. Its leading "theorist" was Regis Debray.[56] The *foco*, in Cuba and in theory, was a small, mobile strategic force, operating in the more inaccessible parts of the countryside, using guerrilla techniques, and shifting its location (its "focus") in order to elude the regular police and military. Thus, the *foco* might be considered a police and military subtype of insurgency. But unlike the Vietnamese case, which is surely prototypical, the *foco* in Cuba emphasized the apex, composed of modernized men, rather than the base. It operated in the countryside, but it hardly involved any mobilization of country dwellers, and it did not find an ideology in Cuba until after the downfall of the old authorities. Debray thought of the *foco* as a sort of small vanguard party, deliberately dissociated from the masses. The general population would be mobilized by its success—"the most successful form of propaganda is successful military action"[57]—but the *foco* did not try to use popular zeal. It was a kind of rural Bolshevism rather than an adaptation of the ideas of Mao or Giap, in theory or in practice.

The *foco* succeeded in Cuba, but Rubenstein points out convincingly that Cuba was an "anomaly." His point is made credible by the failure of *focos* everywhere else in Latin America, most notably in Bolivia under Guevara, but also, to one degree or another, in Venezuela, Paraguay, Peru, Ecuador, Colombia, and Brazil.[58] Why was the Cuban case anomalous? Because Castro in fact was widely supported by the Cuban middle

[56] Debray, *Revolution in Revolution?* (New York: Grove Press, 1967), and *Strategy for Revolution* (New York: Monthly Review Press, 1970).

[57] Debray (fn. 56, 1967), 41.

[58] Richard E. Rubenstein, *Alchemists of Revolution* (New York: Basic Books, 1987), 215-17, 218.

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class (and celebrated by the *New York Times* and at Harvard as a liberal reformer—not without reason, at the time). Moreover, Cuba was hardly a peasant country; it was a land of rural poverty, but highly urbanized. Batista's regime was opposed not only by Castro's *foco*, but by uprisings in the cities and by strikes and protests of workers; even the Cuban Bankers' Association and the church were hotbeds of subversion. Finally, when Batista's army was challenged, it would not fight. The regime disintegrated, and Castro picked up the pieces.

When the *foco* was exported to other contexts, it failed dismally. Latin American societies in general are hardly peasant societies, even if they are not as "advanced" as Cuba was. They are in part urbanized, in part untouched by city life; but in the countryside and in plantation and ranch societies, they are highly penetrated by international market forces. In a number of countries, the poorest and most backward have not yet even risen to peasanthood.

This could be elaborated a good deal, but the critical points are these: Latin American societies are very different from archaic peasant societies; usually, they are more "modern." As peasant societies decay elsewhere, through demographic, economic, or even revolutionary forces, they are more likely to resemble the "semi-modern" Latin American type, and thus lose the crucial emotional component of insurgency. In that case, insurgency may degenerate into mere unrest and instability, or into European-style urban terrorism—destructive, but hardly an incubator of social transformation.

If this makes sense, it implies an irony: the same developmental forces that have dominated recent explanations of peasant rebellions are likely to be their undoing as a consequential force in social change.

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TESTING DETERRENCE THEORY
Rigor Makes a Difference

By PAUL HUTH and BRUCE RUSSETT*

AFTER several decades of the development of deterrence theory, efforts to test systematically hypotheses derived from that body of theory still resist consensus.[1] Scholarly disputes have raged over issues such as the strengths and weaknesses of rational versus psychological models of deterrence, statistical versus case-study methods of empirical analysis,[2] the relevance of basic theoretical concepts (e.g., deterrence versus compellence), and sources of evidence (e.g., the documents that must be consulted). Closer examination of many of the disputes, however, shows that much of the confusion is caused by methodological errors that produce conceptual muddles and inappropriate operational definitions of key concepts. Sometimes these errors are introduced primarily by a faulty understanding of scientific method; in other instances they may be driven more by theoretical agendas that distort proper method and can produce perverse interpretations of the data. To illustrate some of these difficulties, we shall focus on theoretical and methodological issues that must be addressed in identifying and selecting historical cases of attempted deterrence for empirical testing.

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[1] The most influential early works include William W. Kaufmann, *The Requirements of Deterrence*, Policy Memorandum No. 7 (Princeton: Center of International Studies, Princeton University, 1954); Albert Wohlstetter, "The Delicate Balance of Terror," *Foreign Affairs* 37 (January 1959), 221-34; Glenn Snyder, *Deterrence and Defense* (Princeton: Princeton University Press, 1961); and Thomas Schelling, *Strategy of Conflict* (Cambridge: Harvard University Press, 1960). Empirical studies of deterrence include Richard Betts, *Nuclear Blackmail and Nuclear Balance* (Washington, DC: Brookings, 1987); Bruce Bueno de Mesquita, *The War Trap* (New Haven: Yale University Press, 1981); Alexander George and Richard Smoke, *Deterrence in American Foreign Policy* (New York: Columbia University Press, 1974); Jacek Kugler, "Terror Without Weapons: Reassessing the Role of Nuclear Weapons," *Journal of Conflict Resolution* 28 (December 1984), 470-506; John Mearsheimer, *Conventional Deterrence* (Ithaca, NY: Cornell University Press, 1983); Jonathan Shimshoni, *Israel and Conventional Deterrence* (Ithaca, NY: Cornell University Press, 1988).

[2] For a recent exchange on these two issues, see *World Politics* 41 (January 1989).

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In summary form, rigorous empirical testing in the social sciences requires that scholars do the following:[3]

1. Specify in precise terms the behavior and/or outcome to be explained.

2. Develop a theoretical model that specifies the causal relationship between independent variables and behavior/outcomes, and the conditions under which those relationships are expected to hold. In so doing, the basic assumptions, concepts, and terms within the theoretical model must be carefully defined and elaborated.

3. Operationalize the theoretical propositions so that the causal relationships can be tested against empirical evidence. A representative sample or the population of cases must be identified; data must then be collected on the variables specified in the theoretical propositions.

4. Test the theoretical propositions against the set of cases. Empirical testing consists of determining whether change in the value (or presence/absence) of an independent variable is associated with a corresponding change in the behavior/outcome as hypothesized.

5. Use the empirical results to assess whether the theoretical model and its derived propositions provide a strong explanation of the behavior/outcome.

The foundation of solid empirical testing lies in the attention that is given to defining key theoretical concepts, specifying the assumptions of the theoretical model, and positing the empirical domain within which one's theoretical propositions are expected to operate. In other words, the validity of the work done in steps 3 through 5 depends critically upon how well steps 1 and 2 have been completed.

In this article, we will examine a number of fundamental issues that must be addressed by scholars who are committed to rigorous empirical tests of deterrence, and we will discuss the serious adverse consequences for empirical testing when scholars do not adequately address these issues. By utilizing the critique of our work and, more generally, of rational deterrence theory presented by Richard Ned Lebow and Janice Gross Stein,[4] we will show that, when scholars fail to define key concepts

[3] See for example, Hubert Blalock, *Theory Construction: From Verbal to Mathematical Formulations* (Englewood Cliffs, NJ: Prentice-Hall, 1969), and Arthur Stinchcombe, *Constructing Social Theories* (New York: Brace & World, 1968).

[4] Richard Ned Lebow, *Between Peace and War* (Baltimore: The Johns Hopkins University Press, 1981); Robert Jervis, Richard Ned Lebow, and Janice Gross Stein, *Psychology and Deterrence* (Baltimore: The Johns Hopkins University Press, 1985); Janice Gross Stein, "Extended Deterrence in the Middle East: American Strategy Reconsidered," *World Politics* 39 (April 1987), 326-52; Richard Ned Lebow and Janice Gross Stein, "Beyond Deterrence," *Journal of Social Issues* 43 (Winter 1987), 5-72; Richard Ned Lebow and Janice Gross Stein, "Rational Deterrence Theory: I Think, Therefore I Deter," *World Politics* 41 (January 1989), 208-24; and Richard Ned Lebow and Janice Gross Stein, "Deterrence: The Elusive Dependent Variable," *World Politics* 42 (April 1990), 336-69.

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adequately and lack a clear understanding of the theoretical model to be tested, they are likely to select an inappropriate set of historical cases. The result is a distorted empirical test of the theory itself. Under these circumstances, the goal of establishing a systematic, generally accepted set of deterrence cases cannot be achieved.

Specifically, we believe that Lebow and Stein's conceptual imprecision and theoretical misunderstandings cause them to present a misleading critique of our work[5] and to offer an alternative research strategy that fails to meet the standards of rigorous social science. In examining the population of our fifty-eight cases, Lebow and Stein proffer historical evidence that we believe should lead to codings different from ours in, at most, two cases. But the question of coding reliability is not the principal issue between us.[6] In any event, even if Lebow and Stein's recodings of our cases are accepted, the statistical and substantive findings of our past research remain fundamentally unchanged. Our empirical findings are *robust across a variety of different data sets*.

Most of the differences between Lebow and Stein's codings and ours stem from their use of distinctly different theoretical concepts presented under the same verbal label, and especially from their different and, we think, inappropriate operational rules for identifying and selecting cases. Our fundamental disagreements, therefore, are about validity. For one thing, what is needed is an adequate theoretical appreciation of the role

[5] Paul Huth and Bruce Russett, "What Makes Deterrence Work? Cases from 1900 to 1980," *World Politics* 36 (July 1984), 496-526; Paul Huth and Bruce Russett, "Deterrence Failure and Crisis Escalation," *International Studies Quarterly* 32 (March 1988), 29-46; Paul Huth, "Extended Deterrence and the Outbreak of War," *American Political Science Review* 82 (Summer 1988), 423-44; and Paul Huth, *Extended Deterrence and the Prevention of War* (New Haven: Yale University Press, 1988).

[6] We vigorously reject the assertions made by Lebow and Stein (fn. 4, 1990), 337, that in many cases we (1) improperly designated attacker and defender; (2) incorrectly identified third parties as targets of attack or of deterrence; (3) coded direct deterrence as extended deterrence; (4) conflated deterrence with compellence. In addition, we reject the argument that one reason for the numerous differences in the coding of cases is our inadequate reading of secondary and primary sources. Many of their citations are familiar to us. Indeed, for a number of cases it seems that Lebow and Stein have not carefully read the case summaries provided at their request by Huth on his data set of 58 cases of extended-immediate deterrence. As a result, they make mistakes in characterizing Huth's coding of specific cases. In the Turkish case of 1946, for example, we utilized multiple secondary sources; most importantly, we relied on British intelligence reports, taken from the archives of the Foreign Office, to code Soviet military movements in the critical period of March 1946. Soviet verbal threats and military movements were consistent with a possible intention to use force. Finally, Turkish and U.S. assessments of Soviet intentions are irrevelant to coding the presence or absence of a Soviet threat to use force. Whatever evidence is used to assess the Soviet threat must be based on Soviet actions and behavior. We will discuss other instances at various points in this article.

Full documentation supporting our codings for all cases is available from the first author; it will be published in Kenneth A. Oye, ed., *Specifying and Testing Theories of Deterrence* (Ann Arbor: University of Michigan Press, forthcoming).

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of uncertainty in deterrence. Without it, Lebow and Stein's theoretical perspective leads to the conclusion that deterrence, as they understand it, rarely succeeds. Their coding rules introduce a selection bias that produces distorted empirical generalizations by omitting many appropriate cases of deterrence, and especially cases of successful deterrence. As a result, the biases of their codings undermine all efforts to identify empirical generalizations about the explanatory power of *any* theoretical model being tested. The issues we raise extend far beyond historiographical method or any particular critique of our work. If this article occasionally seems to read like a how-to-do-it primer, it is precisely because the basic rules for rigorous research have been so readily ignored.

A Theoretical Model of Deterrence

Before turning to key conceptual and methodological issues in the identification and selection of cases, we will outline the logical structure of a rational model of deterrence. An inadequate understanding of this structure leads to erroneous critiques of its application. Thus, a clarification of the theory serves as essential background to the more substantive focus of the article. A rational theory of deterrence focuses on the policies and capabilities a defender can utilize to persuade an attacker not to initiate some specified action. (For the moment, we will assume the specified action is the use of military force.) The defender has two different kinds of policy instruments to influence the decisions of the attacker: the threat of sanctions and the offer of rewards or inducements. The logical scope of deterrence theory therefore concerns how these two instruments can be used to prevent undesired actions. To develop theoretical propositions on the deterrent effect of these two policy instruments, rational deterrence theory posits that a potential attacker will, at a minimum, compare the expected costs and benefits of the option of resorting to the use of military force with those of the option of not using force.

The deductive components of rational deterrence theory are based upon the application of rational decision theory to the policy choices of the potential attacker. The option that has the greater net expected utility will be chosen by the potential attacker.[7] Deterrence is predicted to succeed when the expected utility of using force is less than the expected

[7] Modifications of expected utility theory, such as George Quattrone and Amos Tversky, "Contrasting Rational and Psychological Analyses of Political Choice," *American Political Science Review* 82 (September 1988), 719-36, are not central to the substantive focus of this article.

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utility of not using force; deterrence is predicted to fail when the expected utility comparisons are just the opposite. Logically, the defender should strive to increase the attacker's anticipated net costs in using force, and his likelihood of suffering those costs, while reducing the attacker's net costs in not using force. Theoretical attention, however, has been largely devoted to the question of how the defender (deterrer) can convince the attacker that the costs of using force will be very high.[8] To that end, scholars have tended to concentrate on the question of what types of military capabilities will effectively threaten the attacker with high costs, and what types of diplomatic and military actions strengthen the potential attacker's assessment of the defender's resolve to honor its threat of military retaliation.

Rational deterrence theory should not be viewed as a general theory of the causes of international conflict and war. It is limited in scope to how sanctions and rewards can be used to affect the cost-benefit estimates of the attacker's two policy choices. Economic and political conditions beyond the defender's influence may also shape the attacker's estimate of the costs and benefits of using or not using force. In principle, these conditions can be incorporated into a rational actor model, but they are outside the scope of deterrence theory per se, and illustrate its limitations. Thus, theoretical propositions on the effects on deterrence outcomes of sanctions and rewards should be formulated in probabilistic terms because the impact of the defender's deterrent actions alone may not be sufficient explanations of deterrence success or failure.

Theoretical attention should therefore be given to what variables outside of deterrence theory may have a consistent and significant impact on how the attacker evaluates alternative policy choices. Two logical possibilities are particularly important: (1) Certain conditions of economics, internal politics, and external diplomacy may establish the broader situational context within which deterrence is attempted. The deterrent effects of sanctions and rewards may be strengthened or weakened in the expected utility calculations of the attacker, depending on the situational context. (2) The situational context may be so important that it dominates the cost-benefit analysis of the attacker, in which case the deterrent actions of the defender will have little, if any, effect on the final decisions

[8] The important exception is that analysts of nuclear deterrence have devoted attention to the problem of crisis stability and how the deterrent force posture and military actions of the deterrer could be read as a threat of offensive attack by the attacker, and thereby lead the attacker to launch what he believes to be a preemptive strike. See, for example, Thomas Schelling, *Arms and Influence* (New Haven: Yale University Press, 1966), chap. 6.

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of the attacker.[9] Empirical testing can be utilized to estimate the relative explanatory power of variables within and outside the scope of deterrence theory in predicting deterrence outcomes.

Two specific points of rational deterrence theory must be addressed in some detail. First, a policy of deterrence, defined in its most basic form, refers to the attempt by policy makers in state A to prevent, by threat of retaliatory sanction or contingent reward, the policy makers in state B from initiating a specific course of action in pursuit of policy objectives.[10] Inclusion of positive inducements as a means to deter is not standard practice in academic writings or policy debates, but the lack of theoretical or practical attention cannot be justified on grounds of strict logic. Rewards and inducements are logically within the scope of deterrence theory; therefore, what Lebow and Stein refer to as an alternative to deterrence theory—reassurance theory[11]—is, in fact, a long-neglected and therefore underdeveloped component of deterrence theory.[12] Properly understood, theoretical work on the role of rewards represents an effort to draw out the full logical possibilities of deterrence theory, as opposed to an attempt to move beyond it. Huth has given theoretical attention to the importance of rewards and inducements by formulating and testing an argument about why a firm but flexible diplomatic strategy (based on the logic of Tit-for-Tat) by a defender should promote deterrence success.[13]

Second, a number of auxiliary assumptions about the attacker, such as his long-term goals, his propensity to take risks, and the motivations behind a threat to use force can be added around the expected utility core of the attacker's calculus of deterrence. For example, Robert Jervis has grouped together a number of auxiliary assumptions, characteristic of many works on deterrence, under the label of the deterrence model: (1) the attacker is highly aggressive and has far-reaching aims; (2) attacker and deterrer share very few, if any, common interests; (3) concessions by a deterrer will be interpreted as a sign of weakness by the attacker; (4) the attacker pays close attention to the past behavior of the

[9] See, for example, Bruce Russett, "Pearl Harbor: Deterrence Theory and Decision Theory," *Journal of Peace Research*, no. 2 (1967), 89-105.

[10] Our definition is very similar to Glenn Snyder's: "One deters another party from doing something by the implicit or explicit threat of applying some sanction if the forbidden act is performed, or by the promise of a reward if the act is not performed." See Snyder (fn. 1), 9.

[11] Lebow and Stein (fn. 4, 1987), 40-63.

[12] George and Smoke (fn. 1), 604-10, discuss the need to develop "inducement theory" as part of the broader study of deterrence.

[13] Huth, *Extended Deterrence* (fn. 5), 51-53.

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deterrer in assessing the credibility of the deterrer's current policies.[14] These assumptions are *not* logical deductions, however; thus, a rational model of deterrence could have a *quite different* set of auxiliary assumptions. In its essentials, rational deterrence theory imposes no specific assumptions on the analyst other than those required by expected-utility decision-making theory. Auxiliary assumptions are very important in formulating theoretical propositions in rational deterrence theory, but we share Lebow and Stein's belief that such auxiliary assumptions, as summarized by Jervis, often are not characteristic of attackers in deterrence cases, and may therefore not constitute a useful basis for developing theoretical propositions with general explanatory power. We can thus discard auxiliary assumptions of the deterrence model while retaining a rational theory of deterrence.

Criteria for Case Selection

The purpose of empirical tests is to answer the basic theoretical question: Under what conditions is a policy of attempted deterrence likely to succeed or to fail? From this fundamental but often ignored principle follows the first requirement for case selection: cases of deterrence success and failure must both be included in the tests. Comparison of cases across these outcomes is necessary to establish that the variables that predict deterrence failure are absent or only weakly present in cases of deterrence success, and vice versa. Without a systematic comparison of both sets of cases, scholars cannot with confidence establish empirical generalizations about the determinants of deterrence success and failure. This aspect of research design is essential regardless of whether a statistical or a comparative case study method is used to test theoretical propositions.[15]

[14] Jervis, *Perception and Misperception in International Relations* (Princeton: Princeton University Press, 1976), 58-113. The first two assumptions may illustrate the cold war origins of deterrence theory. As for the second two, we do not treat them as assumptions (contra Lebow and Stein, fn. 4, 1990, p. 355, n. 28), but rather reformulate them as hypotheses for empirical testing.

[15] The need for variation in the dependent variable was emphasized at least as far back as 1834 by John Stuart Mill, *A System of Logic Ratiocinative and Inductive*; see J. M. Robson, ed., *Collected Works of J. S. Mill*, vols. 7, 8 (Toronto: University of Toronto Press, 1974). A recent and relevant illustration of the need is provided by Ariel Levite, *Intelligence and Strategic Surprise* (New York: Columbia University Press, 1987). Lebow and Stein (fn. 4, 1990), 349, suggest longitudinal analysis as a promising means to establish greater variation, presumably for studies of general deterrence. We agree, and have been engaged in such work for the past two years. This analysis produces many data points (by year, month, or other temporal units) within a single "case." On the relative virtues of statistical and case study methods for different purposes, see Christopher Achen and Duncan Snidal, "Rational Deterence Theory and Comparative Case Studies," *World Politics* 41 (January 1989), 143-69, and Bruce Russett, "International Behavior Research: Case Studies and Cumulation," in Michael Haas and

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The second basic requirement for case selection is that the empirical tests be conducted on either the population of theoretically appropriate cases or on a representative sample of such cases. Because the primary objective is to establish empirical generalizations, the researcher must be sure that the empirical results of testing reflect underlying patterns in the set of deterrence cases and are not skewed or heavily influenced by only a few cases that may be atypical.

The third requirement for case selection is that the population or sample of deterrence cases be sufficiently alike in theoretical terms that they can be validly compared. Careful attention to specifying the empirical domain within which propositions on deterrence success and failure apply is crucial.

We will now elaborate each of these requirements for case selection, beginning with the third requirement.

Defining the Class of Deterrence

If we adopt the more restricted and common definition of deterrence as focused on the threat of sanctions in order to prevent an adversary from initiating undesired actions, we can categorize deterrence cases into four general types. The sanction threatened by state A may be based on military or nonmilitary means (economic or diplomatic, for example), and the action that state B may take in pursuit of its policy goals also may entail the use of military force or be nonmilitary in nature. These four types of deterrence cases do share some basic similarities, but the fundamental differences in the policy instruments used by state A to deter, as well as the types of policy actions being considered by state B, suggest that theoretical propositions on success or failure in one class of cases cannot readily be applied to other cases. For example, theoretical propositions on when military threats will act as effective deterrents will not necessarily provide many insights concerning the deterrent value of economic sanctions. State B may be vulnerable to military retaliation by state A, but may not be vulnerable economically. Conversely, military sanctions might seem an appropriate counterthreat to state B's threat to use military force, but not appropriate if state B were considering only diplomatic action.

The implications for empirical testing are fundamental and relate back to the third requirement for case selection listed above. Scholars must first specify the general class of deterrence cases on which they are

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Henry Kariel, eds., *Approaches to the Study of Political Science* (San Francisco: Chandler, 1970), 425-43. Huth uses both in *Extended Deterrence* (fn. 5).

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interested in testing propositions, and recognize that it may not be possible to establish generalizations about success and failure that apply to all classes of deterrence cases. The theoretical focus of our research has been on deterrence cases that fall within only one of the above four categories: state A threatens the use of *military force* to prevent state B from using *military force*.[16] This focus is well justified because this is the type of deterrence case that has received most attention from both scholars and policy makers.

Within this type of deterrence case, further conceptual distinctions can be made. The defender may threaten military retaliation so as to prevent attack on his own homeland territory (direct deterrence), or against a third state or piece of territory (extended deterrence). The threat of attack may be in the short term (immediate deterrence) or a longer-term future possibility (general deterrence). Although these four subtypes are similar in important respects, one cannot automatically generalize from direct to extended or from general to immediate deterrence; therefore empirical tests need to be done separately on each. Our research has been directed at testing propositions on the success and failure of cases of *extended-immediate military* deterrence.[17] We identified what we believe is the population of fifty-eight such cases between 1885 and 1984, and used that population of cases for empirical testing.

Lebow and Stein, however, confuse different types of deterrence when selecting cases for empirical analysis, and thus violate the fundamental requirement for case selection: that conceptually distinct cases not be combined in a single data set for testing. For example, they criticize us—mistakenly, as we shall argue below—for including many instances of successful military deterrence but, at the same time, for omitting the 1964 Cyprus crisis in which the United States attempted to deter Turkish military intervention by threatening, not military retaliation, but a suspension of military aid.[18] The Cyprus crisis is simply irrelevant; it is a case where a *non*military threat was employed in an attempt to prevent the adversary from using military force. For research on when military deterrence succeeds or fails, cases like that of Cyprus distort the data set; they do not belong there. More generally, it is essential to develop explicit criteria for case selection and to apply them consistently, so that empirical tests are conducted on the proper set of cases. Otherwise we risk getting

[16] In addition, the deterrer may also have used inducements in an attempt to persuade the adversary to not use force. In all cases, the threat of sanctions was invoked, but not necessarily the offer of rewards.

[17] See Huth, *Extended Deterrence* (fn. 5), 213-20, for a discussion of how generalizable findings on extended-immediate deterrence are to other types of deterrence cases.

[18] Lebow and Stein (fn. 4, 1990), 350, 361-62.

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a biased set of cases, perhaps selected on an ad hoc basis to support the preferred theories of the analyst. If many legitimate cases of military deterrence are discarded and the Cyprus case is included, we may mistakenly conclude that military deterrence usually fails, but deterrence by economic sanctions often succeeds.

Distinguishing Deterrence and Compellence

The second requirement for case selection is that theoretical propositions be tested on the population or on a representative sample of deterrence cases. Scholars can violate this requirement by mistakenly treating cases of deterrence as examples of compellence. Compellence is defined as an attempt by policy makers in state A to force, by threat and/or application of sanctions, the policy makers in state B to comply with demands of state A, including but not limited to demands to retract actions already taken. In a case of attempted compellence, the threat is to apply a sanction until the target complies with the demands of the compeller.[19] By contrast, in a situation of attempted deterrence, the threatened sanction is designed to *prevent* state B from taking actions it is considering but has not already initiated; thus the sanction would be employed only if the target undertook the action that the deterrer had sought to prevent.

Several observations about the concepts of deterrence and compellence are in order. First, while the two terms refer to conceptually different uses of threats, a single historical case may include both types of policies. A single case therefore need not be coded as one of either deterrence or compellence; instead, it can be used to test theoretical questions relating to both policies. So long as the analyst carefully singles out those aspects of behavior and action that conform to the definition of deterrence, the case can be validly used to test propositions on deterrence even when it includes examples of both deterrent and compellent behavior.

An abstract example will illustrate our logic. An attacker moves military forces into a disputed part of a territory claimed by another country (protégé) in preparation for an attack that would seize control of the entire territory. A third country, however, comes to the defense of the protégé and issues a military threat to uphold the protégé's territorial integrity before the attacker has taken further action, and then threatens to use force if the attacker does not withdraw. If the attacker decides to withdraw his forces without advancing further, the case can be coded as both an extended-immediate deterrence and a compellence success. The attacker did not exercise the option of using military force to expand his

[19] Schelling (fn. 8), 69-91.

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control (extended-immediate deterrence success); and the attacker withdrew his forces under the threat of military action and the status quo was restored (compellence success).

One of our historical cases illustrates this general example. In early 1906, Turkish military forces moved into positions along disputed territory in the Sinai along the Egyptian border and were reinforced. The Turkish government threatened to use force to prevent Egyptian troops from entering the disputed territory, and also asserted the right to occupy the territory. Great Britain supported Egypt's territorial claims and warned Turkey that she would take direct military action if Turkish forces clashed with Egyptian forces in the Sinai or attempted to occupy all of the disputed territory. This policy of deterrence was coupled with compellence when Britain issued an ultimatum for the withdrawal of Turkish forces. Egyptian troops moved into the disputed territory uncontested, and Turkey withdrew.[20] Deterrence succeeded because Turkey did not use military force to repulse Egyptian troops or to occupy all of the disputed territory; and compellence succeeded because Turkish forces withdrew from the disputed territory.

Lebow and Stein charge us with mistakenly coding many cases of compellence as deterrence,[21] but their critique is incorrect in each instance—frequently because they fail to understand that a single case can be validly used to test propositions on both deterrence and compellence. Even more fundamentally, their concept of compellence leads them to a one-sided interpretation of historical evidence. For example, they argue that the United States sought to compel Colombia in 1903-1904 to recognize Panama's independence.[22] This interpretation is not supported by the historical evidence. Verbal threats and military actions by the United States were deterrent in character, designed to prevent Colombia from using military force to overthrow the new Panamanian government established with U.S. support. Undoubtedly, Washington wanted Colombia to recognize Panama's independence, but there was no attempt to coerce Colombia by threatening and/or applying military force or other sanctions until such time as Colombia did recognize Panama.[23]

[20] Great Britain, *Parliamentary Papers*, vol. CXXXVII, "Correspondence Respecting the Turco-Egyptian Frontier in the Sinai Peninsula," Cd. 3006, 1906, pp. 1-36.

[21] Lebow and Stein (fn. 4, 1990), 337, 362-63, 366-68. On p. 350 they refer to "several" cases of extended-immediate deterrence that we allegedly omitted, but the accompanying footnote identifies only two. One is said to be a U.S. success in deterring a Turkish invasion of Cyprus in 1964. The other is a one-week "success" of Egypt against Israel in 1967. We consider such deterrence too short-lived to be coded as successful.

[22] *Ibid.*, 352.

[23] For example, see *Foreign Relations of the United States 1903* (Washington, DC: G.P.O., 1904), 242, 243, 250-51, 270-71, 279-81, 309-10, 312.

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Furthermore, Lebow and Stein also suggest, as an alternative interpretation of the off-shore islands crises of the 1950s, that U.S. policy was compellent in nature.[24] Once again, the historical evidence does not support their conclusion. As in the Panamanian case, American verbal threats and military actions were deterrent in nature and did not take the form of threats to apply military or other sanctions until China accepted the independent status of Taiwan.[25] Indeed, China still refuses to recognize Taiwan, but the United States has not attempted to coerce China into reversing its long-standing policy. To code these and other cases as examples of compellence would seem possible only if compellence were defined broadly as *any* attempt by one country to get another country to take actions that the latter did not want to take.

This definition, however, is much too broad to be of theoretical use; in fact, it has very serious consequences for the selection of deterrence cases and empirical testing. The consequence of using a sloppy definition of compellence is to exclude from the population of cases to be tested or sampled some cases of deterrence legitimately belonging there, and to include cases of compellence that do not meet the criteria for extended-immediate compellence. The result is that Lebow and Stein violate the second requirement for case selection, and the validity of their empirical generalizations is vitiated. This helps to explain their apparent findings—otherwise so contrary to theory and conventional wisdom—that extended military deterrence rarely succeeded, but that compellence (so labeled by them) was successful in five of eight attempts.[26]

[24] Lebow and Stein (fn. 4, 1990), 353-54.

[25] For the 1954-1955 off-shore islands crisis, see *American Foreign Policy, 1950-1955: Basic Documents* vol. 2 (Washington, DC: G.P.O., 1957), 2487; *Foreign Relations of the United States 1955-1957* vol. 2 (Washington, DC: G.P.O., 1986), 299; George and Smoke (fn. 12), 288; and Huth, *Extended Deterrence* (fn. 5), 111. Other cases that Lebow and Stein (fn. 4, 1990), 352, n. 25 mistakenly label as including only compellence and not also deterrence are Serbia against Albania in 1913, the U.S. against Panama in 1921, Britain against Turkey in 1922, and the U.S. against North Vietnam in 1964-1965. Two further alleged cases are the U.S. against the Soviet Union over Laos in 1961 (p. 352, n. 25) and the Soviet Union against the U.S. in the 1973 Arab-Israeli War (pp. 352-53). The U.S. made no military (or even economic) threat against the Soviet Union in 1961. In the 1973 case (which we dropped after 1984 on other grounds), the Soviets arguably were threatening (verbally and by alerting airborne divisions in the Soviet Union) to take direct action against Israel, but they were not threatening to take any military action against the United States—as is implied in Lebow and Stein's categorization. Thus, their definition of compellence frequently shifts in practice, and is hardly limited to the relevant meaning of extended military compellence. Elsewhere, their definition of which actions are to be deterred meanders back and forth across our definitional boundary of "use of military force." That, rather than matters of compellence or direct deterrence (Lebow and Stein, fn. 4, 1990, p. 345), is why we omitted the Cuban missile crisis: we coded other cases differently than did George and Smoke (Lebow and Stein, fn. 4, 1990, p. 345, n. 13) because we were concerned with deterrence of different kinds of actions. This type of conceptual confusion is common; see, for example, Stein (fn. 4).

[26] Lebow and Stein (fn. 4, 1990), 351-52.

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Intentions and Uncertainty

The final issue requires careful attention because of its fundamental implications for the first two requirements of case selection: How certain must the attacker's intentions to use force be to warrant inclusion in the cases to be tested? Lebow and Stein's presentation on this point is confusing, however. On pp. 342-43 they simply claim that evidence is required that the attacker considered or contemplated the use of force. In fact, they require much more evidence: "Immediate deterrence is relevant only to those cases where would-be challengers *seriously* consider a challenge. . . ."[27] They therefore suggest that theoretical propositions on deterrence should be restricted to those cases in which the attacker is serious about the threat to use force. They do not define carefully what constitutes a "serious" intention, but we think they mean that the attacker is resolved to use force from the outset of the dispute. This definition of the empirical domain within which deterrence theory should be tested is conceptually wrong because it excludes a wide range of cases in which deterrence is still operative. An attacker's intentions can be placed on a continuum ranging from cases in which he is highly committed from the outset to use force to cases where he is quite uncertain about whether to use force. Deterrence cannot possibly succeed unless there is some degree of uncertainty in the mind of the would-be attacker. Lebow and Stein's definition fails to allow for the logical possibility that the potential attacker may be probing the resolve of the defender through demands and threats, and that he will decide whether to use force only after such probing has helped to clarify his beliefs about the defender's resolve.

This possibility has two aspects, both stemming from the role of bluff and uncertainty in deterrence crises. First, the attacker may be prepared to attack the protégé only if the attacker is quite confident that the defender will not respond militarily. In such an instance, the attacker may probe to the point in crisis bargaining when he—possibly mistakenly—decides that the defender is resolved to use military force, and then he will retreat. In some cases, merely the initial counterthreat of the defender may be sufficient to persuade the attacker to retreat. The attacker's early uncertainty about the defender's intentions is sufficiently dispelled, and the former is deterred. (An example might be Iraq's retreat in the crisis with Britain over Kuwait in 1961.) Thus, the attacker's intentions may have been clearly formed in a way that is dependent on clarifying his beliefs about the defender's intentions. It would be erro-

[27] Lebow and Stein (fn. 4, 1990), 347; italics added.

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neous to suggest that the attacker never had *any* intention of attacking, and was merely bluffing from the beginning. That would imply that the attacker, after making an overt threat of attack, was nevertheless prepared to retreat even if the defender offered no resistance. Possibly such a threat would be meant to impress a domestic or international audience, but the retreat would hardly have that effect.

Moreover, if bluff and probing did not occur and the attacker always carried out the attack regardless of the defender's counteractions (that is, if the attacker never bluffed), immediate deterrence would always fail. To be sure, there are cases when the attacker does intend to attack whatever the defender's response (the German invasion of Poland in 1939 is one instance),[28] but we doubt that is always so. On the other hand, if the *defender* never bluffed, crises would always end in war between attacker and defender. That is manifestly not true. For example, the Soviets did not intervene after China's attack on Vietnam in 1979, despite their earlier efforts to deter China from attacking their Vietnamese client. Hence the vital role of bluffing as a means to dispel uncertainty for an attacker whose decision is contingent on his assessment of the defender's intention to carry out his deterrent threat, and also to create uncertainty when a defender will not fight for his protégé, but wishes to persuade the attacker that he may do so. In neither case should the actor be labeled as "not serious."

The second aspect of uncertainty involves the way an attacker (or a defender) may formulate or change intentions in a crisis. Lebow and Stein's definition of "serious" may miss instances in which the policy makers in international crises are uncertain about their own intentions—what policy options they will adopt when forced to make a final decision on war or peace—and thus use the deterrent actions of the defender as critical signals to help formulate their decision. The attacker's decisions are often contingent and uncertain. George and Smoke categorize the "limited probe" as one of the three main types of deterrence failures. Craig and George make a similar point when they note that "deterrence often fails in stages," and that "the key question is whether or not the deterring power has the perception, the will, or the capability to shore up its commitment before it is too late." Smoke likewise discusses crises as triggering previously latent interests, encouraging or dissuading action according to the capabilities manifested by the opponent, and providing the contextual features that reinforce or erode limits.[29]

[28] Donald Cameron Watt, *How War Came: The Immediate Origins of the Second World War, 1938-1939* (New York: Pantheon, 1989).

[29] George and Smoke (fn. 1), chap. 18; Gordon Craig and Alexander George, *Force and*

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Both attacker and defender therefore have strong incentives in a crisis to deceive each other about their true intentions; the possibility of deception is a fundamental element of deterrence. Furthermore, the attacker's intention to use force may change during the course of a crisis. Lebow and Stein either misunderstand these basic points, or they have great faith in the ability of post hoc analysis to discern the precise character of the actors' intentions. We do not; in selecting cases of extended-immediate deterrence, we required only that the attacker's actions be consistent with considering the use of force against a protégé if (1) the attacker did not believe that the defender would intervene with military force, and (2) if he believed that the protégé would not accede to his demands without the threat of force.

A focus solely on cases in which the attacker is serious by Lebow and Stein's criteria unduly restricts the set of relevant cases for empirical testing; the distribution of deterrence outcomes will necessarily be skewed toward failures while deterrence successes will be severely underrepresented.[30] (It is not surprising, therefore, that they can find at most three "successes.") The consequence is that a systematic comparison of successes and failures in the population or in a representative sample of deterrence cases, which is essential if valid empirical generalizations are to be identified, is impossible.

Operationalizing Key Components of the Theoretical Model

In this section we will address how to operationalize (1) the threat of the attacker to use military force; (2) the actions of the defender that constitute a policy of attempted deterrence; and (3) the coding of deterrence success and failure.

Statecraft (New York: Oxford University Press, 1983), 186-87; Richard Smoke, *War: Controlling Escalation* (Cambridge: Harvard University Press, 1977), 245-51. In contrast, Lebow and Stein (fn. 4, 1990), 343, state that there is only one case in our data set in which the potential attacker's intentions were uncertain: Indonesia's conflict with the Netherlands over West Irian in 1962. Lebow and Stein argue that documentary evidence is critical in establishing intentions, but documentary evidence is simply not available in a number of cases; how, then, can they reach such a conclusion?

[30] Lebow and Stein's desire to look only at cases where the attacker's intentions are "serious" is suited to their theoretical interest in whether strong motivations to pursue particular policies lead policy makers to distort and misjudge the risks of such policies. As a general criterion for selecting cases of deterrence to test theoretical propositions on success and failure, however, it is inappropriate. See Christopher Achen, *The Statistical Analysis of Quasi-Experiments* (Berkeley: University of California Press, 1986), for a general examination of the implications of selection bias for empirical analysis. The implications of selection bias for testing deterrence are addressed by Achen and Snidal (fn. 15) and by Jack Levy, "Quantitative Studies of Deterrence Success and Failure," in Paul Stern, Robert Axelrod, Robert Jervis, and Roy Radner, eds., *Perspectives on Deterrence* (New York: Oxford University Press, 1989), 98-133.

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Threats and Intentions

Assessing the true intentions of actors is crucial to Lebow and Stein's argument because of their insistence on distinguishing between "serious" and "nonserious" intentions to use force; they maintain that the case should be dropped when the attacker's verbal or military threats are not serious because the attacker did not need to be deterred. It is difficult to establish that an attacker was considering the use of military force, and Lebow and Stein are correct to focus attention on this important problem. We will argue, however, that their emphasis on using documentary evidence and the consensus of diplomatic historians and country experts to determine the true intentions of the attacker is plagued with methodological difficulties that they do not address or even acknowledge. Their recommended solution reflects their failure to confront the much deeper problems entailed in inferring the intentions behind the actions and statements of individuals.

Lebow and Stein argue that the key to determining intentions is to look at the documentary records, and they assert that one can differentiate "serious" from "non-serious" threats with high confidence. The trouble with such an approach is that the documents may be misleading, perhaps deliberately so; they require a good deal of interpretation by the analyst. If documentary records are to be used in a rigorous and reliable manner to assess the attacker's intentions, the analyst must deal with the following problems: (1) Decision makers may not fully understand their own (often unconscious) motives or intentions. (2) If they do, they may not articulate them. (3) Over the duration of a crisis, there may be a change in their motives and intentions—their "resolve"—that is not being articulated. (4) They may articulate conflicting expressions of intentions and resolve. (5) They may deliberately disguise their true motives and intentions. The last problem is particularly relevant because the policy makers of the attacker country have powerful incentives to protect their personal reputations and political positions. Since their policies may either lead to a diplomatic defeat or escalate to a war in which their country is defeated, policy makers have incentives to disguise in the historical record their aggressive objectives or the firm desire to go to war. Lebow himself once seemed to acknowledge these problems when he stated that "policy-makers are themselves often unaware of the complex motivations that underlie their behavior."[31]

[31] Lebow (fn. 4), 229. Contemporary poststructural theorists share similar doubts about the mythological and self-justificatory functions of decision makers' texts, and the difficulty, therefore, of interpreting motivations. See Michael J. Shapiro, "Textualizing Global Politics," in James DerDerian and Michael Shapiro, eds., *International/Intertextual Relations: Postmodern Readings of World Politics* (Lexington, MA: Lexington Books, 1989), 11-22.

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We deliberately refrained from attempting to make judgments about the seriousness of the attacker's intent to use force. To do so in accordance with the standards of good social science would require that a set of operational rules and guidelines (that are independent of the known outcomes) be formulated and then consistently applied to each case. It may be possible to devise such operational criteria, but Lebow and Stein have not attempted to do this,[32] and there is no good reason to believe that individual historians and country experts have utilized the same set of operational guidelines in assessing intentions in different cases. In any event, Lebow and Stein do not make an argument as to why we should believe it. Their recommendation that scholars should rely on the consensus of historians and country experts to sort out serious from nonserious intentions is therefore misguided.

In our own research, we utilized the operational rule that, at a minimum, one or more of the political and military elites that are shaping the foreign policy behavior of the attacker country must be recommending or considering the option of using military force, and that this behavior leave observable traces in the form of actions or statements in the name of the state. The general context for behavioral indicators of the possible intent to use force was as follows: the attacker and protégé were embroiled in a dispute over control/access to territory in which the attacker was pressing demands on the protégé to make concessions. Indicators of a threat to use force included verbal statements warning that force might be used. Quite often such verbal warnings would not be direct and blunt statements, but implicit threats that nevertheless were clearly understood in conventional diplomacy.

For example, during the Soviet-Finnish dispute over a mining concession in 1940-1941, the Soviets issued several such warnings. In January of 1941, Moscow warned Finland that if it did not accept Soviet terms for a settlement, the Soviet Union "would find ways to settle the matter." Shortly thereafter, Soviet troop movements were reported along the Finnish border. In the following month, the Soviets again warned Finland that if it refused to reach an agreement, "the matter will now take its course with all its consequences."[33]

[32] This somewhat arbitrary attitude toward explicit operational criteria can be found in Lebow's earlier work. See, for example, Lebow (fn. 4), 24, where he states:

> The assignation of a crisis to a particular category (brinkmanship, justification of hostility, spinoff) depends upon an analysis of the initiator's objectives in a crisis, its leaders' willingness to go to war, and the degree of control they exercise over events. Interpretation of these criteria are (sic) likely to vary from scholar to scholar regardless of the extent of available documentation. . . . When interpretations are diametrically opposed, the researcher must work his way through the controversy and adopt what appears to him the most convincing interpretation.

[33] H. Peter Krosby, *Finland, Germany, and the Soviet Union, 1940-1941: The Petsamo Dispute* (Madison: University of Wisconsin Press, 1968), 11-12, 142.

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The movement, buildup, and/or positioning of military forces near or along the border or coastline of the protégé were also used as indicators of a threat to use force. In the Soviet-Finnish case, twenty to twenty-five Soviet divisions had been moved into positions along the Finnish border since August 1940.[34] In almost all cases, we based the coding of a threat to use force on a combination of verbal statements and concrete military actions. We looked for contextual evidence of the attacker's intentions, and did not include cases where the actions seemed intended *only* to: (1) deflect attention from the attacker's own domestic political unrest and instability; (2) draw into the dispute an outside party who would then exert pressure on the protégé to make concessions; or (3) force the protégé to enter into negotiations. Most importantly, the evidence had to be based on the actions and behavior of the attacker *at the time of the dispute* without relying solely on after-the-fact statements by the policy makers involved.

In sum, our operational rules for coding the intentions of the attacker started from the premise that reliable evidence of intentions could not be secured from documentary records in the absence of explicit statements by the potential attacker's policy makers of the firm intent to use military force. We therefore followed the very different procedure of first recording actions and behavior that indicated a threat to use force, and then searching for evidence of alternative reasons why the threats were issued purely as bluffs. If—and only if—no strong counterevidence was available, we coded a potential threat to use force as being present, without attempting to judge how certain the intent to use force was. Any possible bias toward "false positives" (including a few cases where deterrence did not operate) would then be much less severe than the bias of "false negatives" that would result if documentary evidence of "serious intentions" were a decisive criterion.

"Defensive" Motivations

A further issue related to coding the attacker's threat to use force is whether rational deterrence theory makes any necessary assumptions about the motivations behind the attacker's threat. In our research, we explicitly rejected the assumption that the attacker is highly aggressive and motivated by offensive aims. Lebow and Stein nevertheless allege that our coding of cases suffered from (1) a cold war bias in assuming aggressive intentions on the part of the Soviet Union, China, and their allies and, more broadly (2) a failure to understand the differing perspectives of the actors in a case, which, they assert, resulted in our incorrectly

[34] *Ibid.*, 338, 340; also see Military Archives, Navy and Old Army Branch of National Archives, Military Intelligence Division Files, Record Group 165, Entry 65:2037-100/45.

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labeling as potential attackers some countries whose motivations were defensive.[35]

Lebow and Stein are mistaken on both counts. For example, we stated that "the labels of attacker and defender are not meant to imply any normative judgements. . . . The initial demands of the 'attacker' may be derived from any mixture of defensive and offensive motivations." Similarly, Huth affirmed as an explicit assumption of the theoretical model that "the potential attacker's decision to initiate the confrontation is likely to be motivated by a combination of offensive and defensive aims."[36] In fact, this assumption plays an important role in the logical underpinnings of hypotheses on the kind of bargaining strategy that is most likely to promote deterrence success.[37] Defensive motivations are as appropriate to include in a rational deterrence model as are offensive ones.

Concerning cases involving China, the USSR, and their allies, there was no assumption, or cold war bias, that policy makers in these countries were motivated by purely aggressive aims. Traditional security interests in having compliant buffer states along its borders may have been behind the Soviet Union's pressure and threats against Iran and Turkey in 1946; and the Soviet fear of a West Germany closely tied to the West may have been behind the blockade of West Berlin.[38]

Regarding Berlin, and Lebow and Stein's analysis of the blockade crisis,[39] three comments are in order: (1) They seem to imply that we coded the first phase of the crisis—the Soviet decision to institute the blockade—as a case of attempted deterrence by the United States. That is incorrect because our analysis focused only on the period after the blockade was put into place and the U.S. countered with the successful airlift. (2) Concerning this second phase of the crisis, we did not assert, as Lebow and Stein imply, that Stalin was "seriously" considering the option of militarily occupying all of Berlin. We tend to agree with the historical

[35] Lebow and Stein (fn. 4, 1990), 345-46, 353-55.

[36] Huth and Russett (fn. 5, 1988), 31; Huth, *Extended Deterrence* (fn. 5), 32. Our designation of "attacker" merely referred to the state that makes the first military move or verbal threat in a discrete sequence of activities. "Initiator" and "responder" might have been better labels. Our use of attacker and defender simply continued the tradition of earlier research in Bruce Russett, "The Calculus of Deterrence," *Journal of Conflict Resolution* 7 (June 1963), 97-109, that employed these terms—with a similar disclaimer about normative content.

[37] Huth, *Extended Deterrence* (fn. 5), 49-53. Furthermore, the case studies in chap. 6 focused on defensive motivations which in a number of cases played an important role in the decisions of the potential attacker.

[38] The individual case summaries compiled by Huth do not discuss motivations. They document the verbal and military actions of the attacker which constituted a threat to use force, the deterrent actions of the defender, and the outcome of each case.

[39] Lebow and Stein (fn. 4, 1990), 368-69.

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interpretation of the case, which argues that Stalin was using the blockade on Berlin to change Western policy with respect to West Germany. For precisely that reason, the question of how to counteract the successful U.S. airlift must have been addressed by Stalin and the Soviet leadership in some form. If the blockade was not able to strangle Berlin, then Soviet leverage over Western policy was quite limited. The Soviets had readily available military options (ground and air-based) to tighten the blockade and counter the airlift, but did not exercise these options. We argued, therefore, that the Soviets considered possible military counter-responses but rejected them—among other reasons for fear that such an action might provoke U.S. military retaliation. We do not assert that our coding of this case is definitive, but we do believe it is plausible, and logically consistent. (3) Lebow and Stein believe that the U.S. airlift constituted successful compellence by forcing the Soviet Union to lift the blockade. Once again, we would argue that Lebow and Stein's conception of compellence is much too broad; if a more precise and generally accepted definition is employed, then U.S. actions did not constitute compellence—the U.S. did not threaten to and/or apply military force against the Soviet Union until it agreed to lift the blockade.

Lebow and Stein allege that our cold war bias caused us, incorrectly, to code the United States as attempting to deter a North Vietnamese invasion of South Vietnam in 1964-1965. This is a misleading summary of how we coded that case. The U.S. attempted to deter, not a conventional military invasion, but the commitment to front-line combat of North Vietnamese regular armed forces *already stationed in South Vietnam*. North Vietnamese troops had been infiltrating into South Vietnam, but they had been held back from direct engagements with the enemy. U.S. policy sought to prevent North Vietnamese forces from directly intervening in the armed struggle in the South, and to compel North Vietnam to stop its support for the Viet Cong in terms of providing training, bases, and materiel.[40]

In his case study of the 1954-1955 Quemoy-Matsu crisis, Huth discussed the question of motivations. He argued that the PRC had understandable defensive reasons for wanting to take control of the off-shore islands, and noted that the revisionist literature did not make a convincing counterargument.[41] Furthermore, in the off-shore islands crises of 1954-1955 and 1958, we did not assume that the PRC sought to invade

[40] Lebow and Stein (fn. 4, 1990), 346. See Wallace Thies, *When Governments Collide: Coercion and Diplomacy in the Vietnam Conflict, 1964-1968* (Berkeley: University of California Press, 1980), 273-74, 328, n. 54. for information on North Vietnamese troop movements into South Vietnam.

[41] Huth, *Extended Deterrence* (fn.5), 105.

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Taiwan. Instead, we argued that the PRC wanted to remove the nationalist military presence, which was being built up, from the off-shore islands.[42] We found it quite plausible that the Chinese leadership was concerned about the threat of a nationalist attack supported by the U.S., as Lebow and Stein argue. The PRC strongly denounced the Eisenhower administration in 1953 for dropping its opposition to the nationalist goal of attacking the mainland and overthrowing the communist government. Precisely for that reason, the PRC wanted to expel the nationalist forces from the off-shore islands. Lebow and Stein ignore, or are unaware of, the PRC's behavior in 1950 that indicated its intention to attack Taiwan. Mainland political and military leaders issued repeated statements of their desire to "liberate" Taiwan from nationalist occupation and end the civil war. On June 6, Mao declared, "the PLA [People's Liberation Army], while preserving its main forces, should demobilize part of its troops in 1950, but only on the condition that sufficient forces to liberate Taiwan and Tibet are guaranteed. . . ."[43] Beginning in April, forces from the PLA's Third Army began to concentrate and train for an amphibious attack.[44] Allen Whiting summarizes the situation as follows:

> In short, the evidence makes credible the proclaimed intentions of the Chinese Communists to invade Taiwan in 1950. Hong Kong dispatches correctly described the Third Field Army training for this task. The buildup of transport was reflected in an informed summary of United States intelligence reports to the effect that by June "virtually all preparations had been completed for the invasion of Formosa."[45]

As in other cases, Lebow and Stein present an incomplete picture of the evidence. Our coding of the PRC as a potential attacker should not be taken to imply that we agreed with U.S. policy, or that we could not appreciate the PRC's perspective.

The allegation that our coding methods precluded us from examining a confrontation from diverse and competing perspectives is simply false: in this and many other cases, we found that the most compelling interpretation indicated that the potential attacker was motivated by a combination of offensive and defensive aims. Lebow and Stein's assertion

[42] The case study of the first off-shore islands crisis (*ibid.*, chap. 5) makes this clear, as does the case summary.

[43] *People's China*, no.1 (1950), 6.

[44] W. Karig et al., *Battle Report: The War in Korea*, vol.6 (New York: Farrar & Rinehart, 1952), 41, and Allen Whiting, *China Crosses the Yalu* (New York: Macmillan, 1960), 178.

[45] *Ibid.*, 23. Melvin Gurtov and Byon-Moo Hwang describe Chinese communist policy and military preparations during this period in similar terms; see Gurtov and Hwang, *China Under Threat* (Baltimore: The Johns Hopkins University Press, 1980), 28, 30-32, 40-41, 49.

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that the evidence shows that the PRC was not planning to attack Taiwan in 1950, or the off-shore islands in 1954-1955, is an overstatement that reflects a tendency on their part to accept too readily the conclusions of the revisionist literature. Here and in other cases, they overstate in their favor the degree of conclusiveness and consensus even in the recent literature. Perhaps they believe that, if a country has been labeled a potential attacker, the analyst must be assuming aggressive intentions. For example, Lebow has stated that "deterrence is unabashedly a theory of opportunity. It assumes that adversaries are risk-prone maximizers who seek opportunities to make military gains and pounce when they find them."[46] It is not inconsistent, however, *to believe that a country may be motivated by defensive concerns and still to code it as a potential attacker.* For example, to deal with security threats, a state may deem it necessary to take both the diplomatic and the military initiative: defensive goals may be combined with aggressive tactics and short-term strategy. A good example would be the Soviet Union's motives in attacking Finland in the Winter War of 1939-40. The Soviets wanted to annex some Finnish territory so as to expand the defensive zone around Leningrad, and when the Finnish government would not cede the territory under coercive threats, the Soviets attacked.[47]

If the attacker is motivated by what he perceives as defensive concerns, the incentive to use force in order to avoid loss may be even stronger and more urgent than an offensively motivated desire to achieve gains. Under such circumstances, deterrent threats may be less effective.[48] Recognizing that attackers are often impelled by a mix of defensive and offensive goals, Huth has stated,

> The emphasis in deterrence theory has been on the need for the defender to possess sufficient military strength to inflict substantial costs on an attacker in armed conflict and on ways to make a military response as credible as possible. But it is important to recognize that military considerations often provide a partial, if not insufficient, explanation of deterrence outcomes.[49]

[46] Richard Ned Lebow, "Extended Deterrence: Military Fact or Fiction?" in Eric H. Arnett, ed., *Technologies for Security and Arms Control: Threats and Promises* (Washington, DC: American Association for the Advancement of Sciences, 1989), 58. Part of the explanation for this may be that Lebow and Stein are conflating auxiliary assumptions of the deterrence model, as summarized in Jervis (fn. 14) and discussed above, with the core assumptions of rational deterrence theory.

[47] See Max Jakobson, *The Diplomacy of the Winter War* (Cambridge: Harvard University Press, 1961), and Viano Tanner, *The Winter War* (Stanford: Stanford University Press, 1957).

[48] Findings in experimental psychology suggest that individuals are more willing to accept risks in order to avoid losses than to achieve gains. See Quattrone and Tversky (fn. 7).

[49] Huth, *Extended Deterrence* (fn. 5), 208.

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Analysts of conventional deterrence have tended to neglect this dimension, in part because contemporary deterrence theory has its intellectual origins in the question how the threat of nuclear war would affect the decisions of a potential attacker. Within that context, many analysts have assumed that the costs (particularly domestic and/or international political costs) of continued peace would be much smaller than the costs of any nuclear war, and that therefore it would not be problematic to ignore that component of the attacker's calculus. In conventional deterrence cases, however, it is not clear that an attacker will judge the costs of inaction to be less than those of a conventional armed conflict. As a result, a focus only on the expected costs of using force would miss alternative reasons why the attacker might still resort to armed conflict.

"Defender's" Intentions

Once it has been established that a threat to use force exists, the next step is to operationalize the defender's policy of attempted deterrence. Just as the attacker's apparent resolve to use force can vary along a continuum from high to low, so can the defender's resolve to use force to protect his protégé. A defender may be bluffing, but in doing so he would nevertheless be practicing deterrence. In operationalizing the defender's attempt at deterrence, the researcher should therefore focus not on how committed the defender is to protect his protégé,[50] but on observable behavioral indicators in the form of statements and military actions that signal the threat to use force if the protégé is attacked.

In our coding, we required that the defender either verbally threatened to retaliate with force or undertook military actions that were intended to communicate a threat to use force if necessary. Both verbal threats and military actions may vary a good deal in their intensity and forcefulness. A blunt and direct verbal threat was not typical. In accord with common diplomatic practice, the defender's threat was often stated indirectly. For example, in the Moroccan crisis of 1905-1906, the British foreign secretary warned the German ambassador that in the event Germany made war on France, "it was not to be foreseen how far British public opinion would force the Government to support France." Later on in the crisis, the British warning was repeated: in the event of war between France and Germany "public opinion in England would be so strong that it would be impossible to be neutral."[51]

[50] Lebow and Stein's insistence (fn. 4, 1990), 344, that "to qualify as a case of deterrence" the defender must "demonstrate the resolve" to punish or restrain transgressors illustrates a confounding of conditions hypothesized to promote deterrence success with merely the attempt to deter.

[51] See Eugene Anderson, *The First Moroccan Crisis, 1904-1906* (Chicago: University of Chi-

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In several cases, a number of relatively direct verbal warnings are coupled with extensive mobilization of forces; conversely, a few indirect verbal warnings are coupled with a limited show of force. Because deterrence theory predicts that the likelihood of success will depend, in part, on precisely these differences in the policies of the defender, a proper empirical test requires that a range of intensity and forcefulness in the defender's policies be examined. Within that range, some minimal standard must be used to establish that a defender has made an attempt to deter. We adopted the coding standard that, as long as the defender issued at least one verbal warning or initiated a show of force near the border or off the coast of the potential attacker, an attempt at deterrence was present.

Lebow and Stein charge that we included in our data set a number of cases in which the defender did not attempt deterrence.[52] As in operationalizing the threat of the attacker, we have utilized different criteria—in this case, the minimal requirements for coding the deterrent attempt of the defender. Because of our different operational criteria, it is not surprising that we disagree on the coding of individual cases. Despite Lebow and Stein's assertion that they relied on the "most permissive" criteria, they in fact required much stricter minimal standards than we did. As in their coding of attackers' intentions, they seem to want to distinguish between a defender's "serious" and "nonserious" attempts at deterrence, and to exclude the latter from a set of cases to be used for testing theoretical propositions. Such an operational definition, however, fails to capture the full range of variance in the deterrent policies of the defender, and this variance is of considerable theoretical importance in formulating hypotheses on deterrence outcomes. That narrow definition—like the insistence on "serious intent" of the attacker—biases the validity of empirical generalizations by excluding many cases of legitimate deterrence; we believe that such a bias is greater than any that may result from accepting the verbal threats and military actions of the potential attacker as evidence.

Determining Outcomes

The final phase in preparing the set of deterrence cases for empirical analysis is to code the outcome of each as a success or a failure. Our initial position in the early stages of the project was to follow the conventional standard: if the attacker resorted to any use of force, immediate deter-

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cago Press, 1930), 252, 327. Two additional verbal warnings, very similar to those quoted, were issued by the British.

[52] Lebow and Stein (fn. 4, 1990), 342.

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rence had failed. But this determination ignores several important problems. First, such a definition is not entirely appropriate to the basic theoretical question we were interested in answering—namely, under what conditions a defender could deter an attacker from resorting to the sustained and large-scale use of military force to achieve his foreign policy objectives. Second, the attacker may engage in a limited use of force against the protégé in order to probe the defender's commitment to protecting the protégé and to determine the risks of actually resorting to the sustained use of force. From this perspective, the attacker is still deciding whether to use large-scale force and is still concerned about the threatened intervention of the defender, and thus is being cautious before escalating his military involvement further. Third, limited clashes between attacker and protégé/defender may be the result of decisions by a local military commander not under the strict control of the central political and military leadership of the attacker; if so, the outbreak of limited hostilities would not necessarily indicate that the leadership of the attacker country had decided to use force to achieve its goals. A coding rule is thus needed that does not treat low-threshold clashes as a deterrence failure.

For these reasons we adopted the following operational definition of deterrence success: (1) the attacker does not resort to any use of force and does not coerce the protégé/defender into capitulating to his demands, or (2) the attacker resorts to the limited use of force (up to 200-250 fatalities) but is unable to force the protégé/defender to capitulate. By contrast, we defined deterrence failures as cases in which the attacker either attained his policy goals under the threat of force[53] or resorted to sustained and large-scale use of force. In cases where the attacker did use some force, we required evidence that the attacker had the available military power to escalate the armed conflict beyond limited clashes. The threshold of up to 200-250 fatalities[54] was based on a very clear empirical break in the distribution of fatalities where armed conflict occurred: in a few cases the total fatalities ranged from a few dozen to 200-250, while

[53] Lebow and Stein incorrectly state (*ibid.*, 344) that this component of the definition of deterrence failure was utilized only in our more recent work. We utilized this definitional component from the outset; see Huth and Russett (fn. 5, 1984), 505. For example, we coded the Czech crisis of 1938 as a deterrence failure. We agree with Lebow and Stein (fn. 4, 1990, pp. 364-65) that the outcome of the Czech case is mixed, and concur with them that, "overall, Munich must be considered a deterrence failure" (*ibid.*, p. 365). We do disagree, however, on whether Britain should be coded as a defender.

[54] The adoption of the 200-fatality threshold in our 1988 work makes no difference in the coding of deterrence outcomes and simply reflects our ability to find more precise data on fatalities in 1988 than in 1984.

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in all others the totals ranged from about a thousand to large multiples of a thousand. We recognize that including cases where some use of force occurred as examples of immediate deterrence success is controversial, but we remain convinced that our theoretical reasons for doing so were appropriate.[55]

The second critical step in coding a case of successful deterrence is to assess whether the deterrent actions of the defender played a central role in the attacker's decision not to use military force. The key methodological problem stems from the clear incentives for policy makers of the attacker country to deny that they were deterred—in order to protect their personal reputation and political position, or the reputation and political position of the state. The result is that documentary evidence of admissions by policy makers is difficult to find. Once again, after-the-fact statements by policy makers cannot be accepted as valid evidence. To require, as Lebow and Stein seem to propose,[56] that direct evidence, in the form of an admission by policy makers, be present to code a deterrence success, would be to ignore the necessarily inaccurate or incomplete nature of documentary information on sensitive policy decisions.

As in the coding of intentions from documentary records, an explicit set of operational criteria must be formulated and applied consistently across cases in a way that effectively deals with the likelihood that policy makers will deliberately disguise their true reasoning. An explicit admission by policy makers that the actions of another country had deterred them would be the most powerful piece of evidence, but such evidence rarely, if ever, exists. The real issue therefore is what to do in the absence of such evidence. We concur with Lebow and Stein that their operational criteria of requiring direct documentary evidence that policy makers were deterred would result in only a small percentage of the actual number of deterrence successes being included in a data set. But this once again severely biases the population or sample of deterrence cases toward failures, and thus distorts any empirical generalizations. To avoid such a bias, our methodological approach was similar to our coding of the presence of the attacker's threat to use force: we began with the working assumption that documentary evidence, even if available, would not be sufficient in most cases, and therefore looked for evidence of alternative explanations for the attacker's decision not to use force. If such counterevidence was not found, we coded the case as a deterrence success.

[55] Any use of force sanctioned by the political and military leadership in a situation of *general* deterrence, however, should be coded as a deterrence failure.

[56] Lebow and Stein (fn. 4, 1990), 344-45.

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Sensitivity Analysis

In the course of our research, we have revised the population of extended-immediate deterrence cases we utilized for testing theoretical propositions. The results first published in 1984 represented our initial effort to share our data set and empirical findings with the larger scholarly community. As we anticipated, several changes were subsequently made in the research program: (1) the theoretical model was expanded; (2) the measurement of variables was improved; and (3) the set of historical cases was subjected to review by outside scholars and by ourselves through greater use of archival sources and more extensive examination of the secondary literature. As a result, the 1984 data set and its findings have been superseded by the revised data set and findings in our joint and individual works published in 1988.[57] No doubt, other scholars will make improvements on our work, but we view the revised data set and findings as our best effort to test propositions on the determinants of deterrence success and failure. Even with the many changes in the data set, the overall predictive power of a fairly parsimonious rational model remains respectable.[58]

Our fifty-eight cases of attempted extended-immediate deterrence between 1885 and 1984 are identified in the Appendix. In Table 1 we provide a summary, or "box score," of the instances of agreement and disagreement between us and Lebow and Stein. We are in full agreement on only four cases, with two other probables; all are deterrence failures. In two cases Lebow and Stein disagree with our reading of the historical record, and we now are inclined to accept their assessment;[59] in three other cases on which the disagreement concerns the historical evidence, we still hold to our original assessment.[60] In four cases Lebow and Stein

[57] As Huth noted in *Extended Deterrence* (fn. 5, 25-26, n. 19), some cases were deleted because new information indicated that the defender's threats were initiated after the threshold of 200-250 fatalities had occurred (and that therefore compellence rather than deterrence had been attempted), or because new evidence indicated that the "potential attacker" never had any intention of attacking.

[58] The percentage of correct predictions in the probit model presented in 1984 was 78 and the percentage for the model presented in 1988 was 84. See Huth and Russett (fn. 5, 1984), 515, and Huth, *Extended Deterrence* (fn. 5), 73.

[59] For example, we dropped the 1935 Ethiopian case because the deterrent actions of Britain were sufficiently weak—only one verbal threat—that it is a borderline case of attempted deterrence. Originally, we had believed that British naval measures in the Mediterranean were in part intended as a deterrent bluff. We are now persuaded that this was most likely not the case, and that British naval measures were precautionary to deal with the possibility that Italy might attack British naval forces. See Arthur Marder, "The Royal Navy and the Ethiopian Crisis of 1935-36," *American Historical Review* 125 (June 1970), 1327-56, and Stephen Roskill, *Naval Policy Between the Wars*, vol. 2 (London: Collins, 1976), chap. 9.

[60] Briefly, the reasons are as follows: (1) In case 7 of the Appendix, U.S. deterrent actions are not based on the alleged ultimatum of President Roosevelt, but on the extensive buildup

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TABLE 1
SUMMARY OF CODING DISAGREEMENTS
BETWEEN HUTH/RUSSETT AND LEBOW/STEIN
(Case numbers refer to Appendix)

Cases on which we agree: 6 Case numbers 21, 23*, 31**, 33, 39, 57
Cases on which we disagree on historical evidence and we now consider Lebow/Stein probably right: 2 Case numbers 19, 27
Cases on which we disagree on historical evidence and retain Huth/Russett assessment: 3 Case numbers 7, 8, 18
Cases in which we use different operational definitions for protégé or success: 4 Case numbers 14, 44, 49, 51
Cases in which Lebow/Stein contend that evidence of attackers' intentions was not persuasive, but which Huth/Russett include on basis of behavioral evidence: 20 Case numbers 13, 16, 17, 28, 29, 30, 32, 34-38, 40-42, 45, 48, 52, 55, 56
Cases in which Lebow/Stein identify compellence, but which Huth/Russett code as deterrence (and perhaps also compellence): 10 Case numbers 9, 10, 12, 15, 20, 25, 26, 43, 47, 50
Cases in which Lebow/Stein contend the defender's commitment was weak or absent, but which Huth/Russett include on basis of behavioral evidence: 6 Case numbers 11, 22, 24, 46, 53, 54
Cases not coded by Lebow/Stein: 7 Case numbers 1-6, 58

* Basic codings agree; some differences in descriptions.
** Somewhat ambiguous as to whether codings agree.

use different operational definitions from ours, and we retain ours; two concern the definition of protégé and two the definition of success.[61] The most important disagreement is over assessment of the attacker's inten-

and movement of U.S. naval forces. German naval attacks had resulted in only very limited fatalities; thus U.S. threats were still deterrent in character. (2) In case 8, Korea was an independent state; hence *extended* deterrence was applicable, and Russia rather than Japan attempted deterrence. (3) In case 18, Russia's deterrent policy was coded on the basis of actions from January to May 1913, not June to July.

[61] In cases 14 and 44, Lebow and Stein argue that Tripoli and Goa were integral parts of Turkey and Portugal, respectively, and that therefore these cases are direct rather than extended deterrence failures. Formally, this is correct; but internationally, both territories were treated like colonies and we coded them as such. We coded the Egyptian deterrent as a failure (case 49) because Israel did attack Syria as an extension of its attack on Egypt in June 1967. We coded Israeli threats as a deterrence success (case 51) because Syrian military intervention did not exceed the 200-250 threshold in fatalities.

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tions; in twenty cases we hold to our assessment on the basis of behavioral evidence that does not suffice for Lebow and Stein. Another major disagreement is over the coding of compellence; Lebow and Stein identify ten such cases; we believe that deterrence operated in these, even though compellence may also have been present. In addition, there are six cases in which we disagree as to whether the defender took sufficient actions to be properly considered "attempted deterrence"; we hold to our original codings there. Finally, seven cases were not coded by Lebow and Stein (six before 1900 and one after 1980).

In Table 2, we present some sensitivity analyses on the potential effect some of the differences would have on our analysis. In the first column, which contains the probit coefficients from Huth's 1988 analysis,[62] each coefficient indicates the contribution of a variable to the success of deterrence; columns 2 through 6 indicate the results after making some changes in the case set. Column 2 shows the results (no statistically or substantively significant change) from dropping the two cases for which Lebow and Stein are sufficiently persuasive. We have dropped these cases from the subsequent equations.

Columns 3 through 6 show the results for each class of disagreement. We hold to our decisions in these cases, but readers may be interested in seeing what the consequences of accepting Lebow and Stein's codings might be. Note that since we do not accept their codings, each column deletes from the population (now fifty-six, originally fifty-eight) only those cases at issue in that column.

In column 3 (differences in operational definitions), the results again show no significant changes. Column 4, however, does show some important differences—namely, that the variables for past behavior between attacker and defender (defender backed down or was intransigent) drop out of the equation. But those are the only important changes. In view of the fact that we have dropped twenty cases for this equation, including eighteen cases of successful deterrence, the robustness of the initial results is surprising. Column 5 (the effect of dropping the ten cases Lebow and Stein identify as compellence), also reveals no significant differences from the initial analysis. In column 6, which drops six cases that Lebow and Stein regard as manifesting only a weak commitment by the defender, the statistical significance of two variables drops just below the .10 confidence level. Nevertheless, the overall pattern is not very different.

In all these re-analyses, accepting any one of Lebow and Stein's lines

[62] See Huth, *Extended Deterrence* (fn. 5), 71-84, for a detailed discussion of these probit results.

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TABLE 2
SENSITIVITY ANALYSIS OF PROBIT RESULTS

Coefficient	*(1) Huth (1988)*	*(2) Lebow/ Stein Correct*	*(3) Different Operational Definitions*	*(4) "Intentional" vs. Behavioral Evidence*	*(5) Coding of Compel-lence*	*(6) Weak Defender Commitment*	*(7) Cases 1900-1980 with Linkages*	*(8) Huth & Russett (1984)*
Immediate Balance of Forces	0.55**	0.55**	0.51**	0.94***	1.32**	0.55**	0.56	
Short-Term Balance of Forces	0.83***	0.78***	0.67**	1.16***	1.65**	0.83**	1.67***	0.16***
Firm-but-Flexible Diplomacy	0.97***	0.91**	0.88**	1.15*	2.08***	0.56	1.85***	
Tit-for-Tat Military Escalation	0.98***	1.06***	0.91**	1.85***	1.73**	1.47***	2.13***	
Defender Intransigence	−0.86**	−0.92**	−1.02**	−0.13**	−2.22***	−0.69	−1.11**	
Defender Backs Down	−1.15**	−1.21**	−1.21**	−1.28	−1.89***	−1.06*	−1.55**	
Arms Imported							0.09	0.60***
Trade Ties							0.33**	0.18**
Alliance Ties							−2.84**	−1.02**
Constant	−1.67***	−1.54***	−1.27**	−3.86***	−2.97***	−1.51**	−2.95***	−1.57***
Number of Cases	58	56	52	36	46	50	49	54
% of Predictions Correct	84	84	87	86	87	88	84	78

* Significant at the 90% confidence level, one-tailed test.
** Significant at the 95% confidence level, one-tailed test.
*** Significant at the 97.5% confidence level, one-tailed test.

Note: Tests on "Alliance Ties" are two-tailed.

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of criticism would not markedly change our findings on the importance to deterrence success of a favorable military balance, reciprocity in bargaining, and moderate behavior in preceding crises. All of the coefficients retain their original signs, only two lose statistical significance,[63] and about 85 percent of the predicted outcomes are correct. (If, however, one were to accept all of Lebow and Stein's criticisms, there would be but six cases left—all deterrence failures—and no analysis.)

Column 7 presents some evidence that goes beyond matters at issue in the Lebow and Stein critique, yet supports the general picture of the robustness of our findings. It drops the seven cases not coded by Lebow and Stein because they fell outside the period covered by our 1984 article, and includes the variables for linkage (trade, arms transfers, and alliance) between defender and protégé. Trade and arms were found to be significant in our 1984 analysis (see column 8), but not in our subsequent results on all fifty-eight cases. We find the short-term military balance variable to be still important. Of the linkage variables, trade and alliance ties (with an unexpected negative sign that we discussed in our 1984 article) are also again significant. Arms transfers, while still positive, now drop below the .10 significance level.

These results restore some of our earlier theory-based confidence in the importance of linkages between defender and protégé in strengthening deterrence in the modern international system. When we failed to find support for such hypotheses in 1988, we thought it was because the linkage variables were overwhelmed by the newly added bargaining variables.[64] The latter may still account for the lower values of the linkage coefficients, but their statistical significance in column 7 suggests that the differences between the two results stem primarily from the pre-1900 (six) and post-1980 (one) additions we made to our case set. Perhaps because such linkages were less well documented (trade) and less prevalent (arms transfers) before 1900, they were less important in strengthening deterrence. These explanations, however, can only be tentative here.

Conclusion

The creation of and reliance on a single data set of deterrence cases for the empirical testing of theoretical propositions is possible only if scholars' theoretical interests are similar and they agree on how to operationalize key components of the theoretical model. When analysts are

[63] Significance levels do not strictly apply to tests on a population of cases rather than a sample; we give them only to suggest the strength of relationships.

[64] See Huth and Russett (fn. 5, 1984), 515-17.

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divided by different understandings of the basic theoretical model and follow different coding procedures, different data sets should and will be generated. The major differences between Lebow and Stein and us on the coding of deterrence cases are based not on the richness of knowledge concerning the details of specific historical cases, but—as in many debates among scholars doing empirical research—on fundamental questions of theory, and how one moves from general theoretical concepts (for example, deterrence success, or deterrence/compellence) to operationalization across cases.

Valid empirical generalizations about deterrence require that propositions be tested on the population or on a representative sample of deterrence successes and failures. The identification and selection of deterrence cases for empirical testing, however, is beset by methodological difficulties, many of which stem from the necessity to analyze the intentions and the reasoning behind the actions and behavior of a "potential attacker." Our preferred research strategy is to develop operational criteria that minimize reliance upon the subjective assessment of decision makers' intentions. The alternative research strategy proposed by Lebow and Stein illustrates the adverse consequences for case selection and empirical testing if theoretically flawed and imprecise operational criteria are utilized to identify deterrence cases and to code outcomes.

Lebow and Stein call for near-total reliance on documentary evidence as well as the consensus of diplomatic historians and country experts to deal with the problems of coding an attacker's intentions and the impact of a defender's deterrent policies. Although such an approach may seem sensible at first glance, careful scrutiny reveals deep methodological problems. Two of them are fundamental: (1) How can documentary records be used to code intentions and reasoning when policy makers have an incentive to disguise or misstate their intentions and reasoning, may not fully understand the motivations and reasons for their actions, or may not accurately articulate the logic underlying their actions? (2) In the absence of explicit statements by policy makers of their firm intent to use force, or an admission of the successful deterrent effect of the defender's policies, how can the conclusions of historians and country experts be relied upon unless there is evidence that individual scholars, working on their own, actually utilized the same operational criteria to code intentions, motivations, and the reasoning behind the statements and actions of the potential attacker? In the absence of explicit, logically tight conceptual and operational solutions to these problems, no research project, however massive, can produce valid results.

We recognize that our operational procedures for coding the threat of

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the attacker and the deterrent impact of the defender's policies allow for the possibility of including some cases of deterrence success that should have been excluded. Unlike the procedures favored by Lebow and Stein, however, our operational criteria do not systematically bias the selection of cases in favor of deterrence failures by excluding a large number of legitimate cases of deterrence success. Furthermore, our careful search for evidence that the attacker never intended to carry out his threat, or that the attacker's decision not to use force was due to factors unrelated to the defender's deterrent policies, reduces the danger of the opposite bias.

By one interpretation, the differences between our procedures and those advocated by Lebow and Stein may not have very serious implications for our substantive findings on the theoretical hypotheses we tested.[65] When we accept any single line of criticism by Lebow and Stein, our results still remain remarkably robust. We are pleased to confirm our findings; nevertheless, the conceptual and methodological issues discussed in this article remain important for the conduct of future empirical research on deterrence.

The empirical effect of the differences when considered together, moreover, is substantial. The result of the combined operational criteria formulated by Lebow and Stein would bias the selection of deterrence cases severely at two different stages in the coding of individual cases: (1) establishing the presence of a threat by the attacker to use force, and (2) establishing that the deterrent policy of the defender had a significant impact on the attacker's decision not to use force. This combination would result in the identification of very few deterrence successes. If Lebow and Stein's criteria were applied vigorously, we would not even be surprised if a null set of deterrence successes were to ensue.

The implications are devastating. First, the systematic comparison of cases of deterrence success and failure, which is essential if valid generalizations are to be proposed, could not be conducted because neither the population of cases nor a representative sample could be identified. Second, since so few cases of deterrence would be identified, it would prove very difficult to test a set of theoretical propositions in a rigorous fashion because the number of variables would most likely approximate if not exceed the total number of cases. Contrary to what Lebow and Stein seem to suggest, a high ratio of variables to cases undermines the utility both of comparative case studies and of statistical methods for causal

[65] Lebow and Stein's statement (fn. 4, 1990), 337, is misleading: the scientific method is primarily concerned with the replication of results, not the replication of data sets.

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inference.[66] Lebow and Stein end up identifying only nine cases of deterrence[67] from 1900 to 1980; any reasonably sophisticated theoretical model will contain close to, if not more than, nine variables. Finally, and most importantly, in view of the number of international crises and wars during the period, it seems bizarre to argue that deterrence situations have occurred only nine times in the past eighty years. Lebow and Stein's argument reveals the inherent danger in their recommendation: it takes a central phenomenon in world politics and practically defines it out of existence through faulty operationalization.

It would be a real contribution to the empirical testing of deterrence theory if scholars were to formulate a convincing set of explicit operational criteria for interpreting documentary records and the judgment of historians and country experts on the "seriousness" of the attacker's intentions. We are skeptical that such operational criteria can be devised, but we await the attempt by Lebow and Stein.

Underlying the disagreements about identifying and coding cases may be a debate over the utility of alternative models of decision making for deterrence theory. We are becoming increasingly convinced that much of the debate on the relative explanatory power of rational versus psychological models is overly polarized, with both sides failing to acknowledge that policy makers are capable of both high- and low-quality decision-making.[68] The strong empirical regularities we find—regularities associated with such variables as the balance of military forces and the bargaining behavior of the defender—are clearly part of any rational choice model and indicate the explanatory power of such models. For the exceptions that are not well explained by such variables, we may reasonably assume that, among other variables, cognitive and psychological ones are operating to distort rational calculations. The really important task is to understand, by a combination of careful theoretical work and empirical investigation, which political, military, and organizational factors predict to high versus low quality.[69] If we can do that, we should know when a rational model of deterrence is most appropriate and when alternative models provide more explanatory power. From this perspective, both of the competing theoretical models may be powerful predictors, but only within a more precisely bounded set of conditions.

[66] Lebow and Stein (fn. 4, 1990), 349.

[67] *Ibid.*, 340.

[68] See, for example, Greg Herek, Irving Janis, and Paul Huth, "Decision Making During International Crises," *Journal of Conflict Resolution* 31 (June 1987), 203-26, and Frank Zagare, "Rationality and Deterrence," *World Politics* 42 (January 1990), 238-60.

[69] As an example, see Irving Janis, *Crucial Decisions* (New York: Free Press, 1989).

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Appendix
Cases of Attempted Extended-Immediate Deterrence 1885–1984

Case	*Year(s)*	*Potential Attacker*	*Protégé*	*Defender*
1	1885	Russia	Afghanistan	Britain, India
2	1885/86	Bulgaria	Serbia	Austria-Hungary
3	1886	Greece	Turkey	Britain
4	1894	Japan	Korea	China
5	1897	Greece	Crete	Britain, Turkey
6	1898	France	Egyptian Sudan	Britain
7	1902/3	Germany	Venezuela	United States
8	1903/4	Japan	Korea	Russia
9	1903/4	Colombia	Panama	United States
10	1905/6	France	Morocco	Germany
11	1905/6	Germany	France	Britain
12	1906	Turkey	Egypt	Britain
13	1908/9	Serbia, Russia	Austria-Hungary	Germany
14	1911	Italy	Tripoli	Turkey
15	1911	France	Morocco	Germany
16	1911	Germany	France	Britain
17	1912/13	Serbia, Russia	Austria-Hungary	Germany
18	1913	Romania	Bulgaria	Russia
19	1913	Bulgaria	Greece	Serbia
20	1913	Serbia	Albania	Austria-Hungary
21	1914	Austria, Germany	Serbia	Russia
22	1914	Russia, Serbia	Austria-Hungary	Germany
23	1914	Germany	France	Britain, Russia
24	1914	Germany	Belgium	Britain
25	1921	Panama	Costa Rica	United States
26	1922	Turkey	Greece	Britain
27	1935	Italy	Ethiopia	Britain
28	1935/36	Japan	Outer Mongolia	Soviet Union
29	1937	Soviet Union	Manchukuo	Japan
30	1938	Soviet Union	Manchukuo	Japan
31	1938	Germany	Czechoslovakia	Britain, France
32	1938/39	Italy	Tunisia	France, Britain
33	1939	Germany	Poland	Britain, France
34	1940/41	Soviet Union	Finland	Germany
35	1946	Soviet Union	Iran	United States
36	1946	Soviet Union	Turkey	United States
37	1948	Soviet Union	West Berlin	U.S., U.K.
38	1950	China	Taiwan	United States
39	1950	United States	North Korea	China
40	1954/55	China	Quemoy-Matsu	United States
41	1957	Turkey	Syria	Soviet Union
42	1961	Iraq	Kuwait	Britain

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Case	*Year(s)*	*Potential Attacker*	*Protégé*	*Defender*
43	1961	North Vietnam	Laos	United States
44	1961	India	Goa	Portugal
45	1961/62	Indonesia	West Irian	Netherlands
46	1964/65	Indonesia	Malaysia	Britain
47	1964/65	North Vietnam	South Vietnam	United States
48	1964/65	United States	North Vietnam	China
49	1967	Israel	Syria	Egypt
50	1967	Turkey	Cyprus	Greece
51	1970	Syria	Jordan	Israel
52	1971	India	Pakistani Kashmir	China
53	1974	Turkey	Cyprus	Greece
54	1975	Morocco	Western Sahara	Spain
55	1975	Guatemala	Belize	Britain
56	1977	Guatemala	Belize	Britain
57	1979	China	Vietnam	Soviet Union
58	1983	Libya	Chad	France

Note: Case numbers are those in Huth's 1988 book and not those used by Lebow and Stein.

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COOPERATION THEORY AND DISARMAMENT NEGOTIATIONS IN THE 1950s

By MATTHEW EVANGELISTA*

The "Moment of Hope"

PERHAPS the closest the Soviet Union and the NATO powers came to a compromise settlement of the arms race during the 1950s occurred in May 1955. In those days, before the advent of bilateral superpower negotiations on strategic weapons, disarmament talks were held under the auspices of the United Nations.[1] On May 10, 1955, the USSR put forward a proposal that incorporated the main features of an earlier Anglo-French memorandum that had been intended to form the basis for the future work of the UN Disarmament Subcommittee. The United States had already expressed support for the goals of the memorandum, which included, among other things, the total prohibition of the use and manufacture of nuclear weapons; major reductions in all armed forces and conventional armaments; and the establishment of adequate organs of control and inspection. The USSR's adherence to the plan would have entailed cutting back the Soviet armed forces from 5.7 million soldiers to between 1 and 1.5 million. These figures, proposed originally by the Western powers, would have constituted a significantly disproportionate reduction in Soviet forces, compared with the reduction in French, British, and U.S. forces. In return, the Soviets would have benefited from the eventual destruction of stocks of U.S. nuclear weapons, although their own would have been destroyed as well. The USSR seemed willing to accept such a deal.[2]

* I would like to thank Robert Axelrod, George Bunn, and Charles Glaser for comments on an earlier version of this paper, and the Presidential Initiatives Fund of the University of Michigan for research support.

[1] For a recent discussion of the early negotiations, see McGeorge Bundy, *Danger and Survival: Choices about the Bomb in the First Fifty Years* (New York: Random House, 1988), chap. 4. For a more comprehensive account, see Bernhard G. Bechhoefer, *Postwar Negotiations for Arms Control* (Washington, DC: Brookings, 1961).

[2] The classic account of these negotiations is Philip Noel-Baker, *The Arms Race: A Programme for World Disarmament* (New York: Oceana, 1958), 12–30. The Soviet proposal is reprinted in *Documents on Disarmament, 1945–1959*, vol. 1, *1945–1956* (Washington, DC: U.S. Government Printing Office, 1960), 456–67, and is discussed in a declassified official "Prog-

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The initial Western response to the Soviet proposal was favorable. The U.S. delegate to the UN subcommittee, after two days of consultation with his government, announced that the United States was "gratified to find that the concepts which we have put forward over a considerable length of time, and which we have repeated many times during [these] past two months, have been accepted in a large measure by the Soviet Union." Jules Moch, the French representative, exclaimed that "the whole thing looks too good to be true," and the British representative expressed satisfaction that the West's proposals "have now been largely, and in some cases, entirely, adopted by the Soviet Union and made into its own proposals."[3] At that point, the Soviets wanted to work out the specific details of an agreement, but the Western governments insisted on a recess.[4]

When the subcommittee met again in the autumn of 1955, the Western delegates refused to discuss the previous proposals. The American representative was instructed to "place a reservation" on the earlier U.S. position, in effect renouncing it in favor of the new Open Skies proposal that President Eisenhower had put forward at the Geneva summit meeting in July.[5] Thus passed what the main chronicler of these events described as a rare "moment of hope" in postwar disarmament efforts.[6]

How could a disarmament proposal that was ostensibly accepted by both sides fail to lead to an agreement? The question is of more than academic or historical interest. Negotiations between the United States and the Soviet Union since the mid-1980s resemble in many ways those of three decades earlier. Today, arms-limitation treaties are difficult to come by, even when both sides apparently agree on the terms. The current negotiations over conventional forces in Europe are a case in point. Theories of the sources of cooperation in international politics that are supported by empirical evidence may be of some help in understanding the barriers to the negotiation of arms treaties. This article uses the his-

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ress Report, Proposed Policy of the United States on the Question of Disarmament," vol. 1, May 26, 1955, Special Staff Study for the President, NSC Action No. 1328, by Harold E. Stassen, document located in papers of the Office of the Special Assistant for National Security Affairs, NSC Series, Policy Papers Subseries, Box 2, Folder: "NSC 112/1 Disarmament (3)," Dwight D. Eisenhower Library, Abilene, KS [hereafter cited as Eisenhower Library]. A detailed analysis of Soviet objectives is found in Lincoln P. Bloomfield, Walter C. Clemens, Jr., and Franklyn Griffiths, *Khrushchev and the Arms Race: Soviet Interest in Arms Control and Disarmament, 1954–1964* (Cambridge: MIT Press, 1966).

[3] Noel-Baker (fn. 2), 21–22, quotes from the verbatim records of the discussions.

[4] "Statement by the Deputy United States Representative on the Disarmament Subcommittee (Wadsworth), May 18, 1955," in *Documents on Disarmament* (fn. 2), 1:474.

[5] Noel-Baker (fn. 2), 23. See also Walt W. Rostow, *Open Skies: Eisenhower's Proposal of July 21, 1955* (Austin: University of Texas Press, 1982).

[6] Noel-Baker (fn. 2).

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torical case of the 1955 disarmament negotiations to evaluate current theories of cooperation.

Theories of Cooperation

Much of recent discussion among students of international relations has focused on game theoretic models of cooperation and conflict. Robert Axelrod, for example, has suggested that a strategy of Tit-for-Tat reciprocity holds great potential for inducing cooperation even among self-interested states in an anarchic international system. He views arms races as a game of Prisoners' Dilemma: although both sides would prefer to cooperate, each continues to arm for fear that the other side will defect rather than adhere to mutual disarmament. In such a situation, Axelrod argues, if one side takes the initiative and adopts a "nice" strategy (by not being the first to defect) and both sides follow a rule of reciprocity, cooperation can evolve through a Tit-for-Tat mechanism. The main condition is that the two sides anticipate interacting many more times, so that the "shadow of the future" is cast over present actions. Axelrod has explicitly suggested that his cooperation theory should apply to U.S.-Soviet arms negotiations: "Certainly, the fact that the United States and the Soviet Union know that they will both be dealing with each other for a very long time should help establish the necessary conditions [for arms control]."[7]

Axelrod's strategy for cooperation has come under criticism on a number of different scores. Joanne Gowa, for example, challenges the assumption of a unitary rational actor implicit in Axelrod's model. She calls attention to "the problems the strategy may cause in states where power over foreign policy is by design lodged in more than one decision-making institution."[8] Deborah Welch Larson has argued that the strategy of Tit-for-Tat fails to account for psychological barriers to reciprocity. If the target of a conciliatory action "has an inherent 'bad faith' image of the initiator, a single cooperative action may be ignored, reinterpreted to conform to preexisting beliefs, or discounted as a ploy to trick the target into letting down its guard." She maintains that a strategy of graduated reciprocation in tension reduction, or GRIT, holds greater pros-

[7] Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984), 181. Using different assumptions and methods, Steven J. Brams also proposes a Tit-for-Tat strategy for arms control; see *Superpower Games: Applying Game Theory to Superpower Conflict* (New Haven: Yale University Press, 1985), chap. 3.

[8] Gowa, "Anarchy, Egoism, and Third Images: *The Evolution of Cooperation* and International Relations," *International Organization* 40 (Winter 1986), 167–86, at 183.

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pects for inducing cooperation between the United States and the Soviet Union.[9]

George W. Downs, David M. Rocke, and Randolph M. Siverson have also called attention to the problems created by misperception. Through formal analysis they argue that a Tit-for-Tat strategy may not induce cooperation if even a small percentage of each side's actions are misinterpreted. Such misinterpretations could result, for example, from imperfect information or from the kind of ideological predispositions that lead one to see any action by an adversary in the worst light. In the language of game theory, an act of cooperation could then be misperceived as a defection (and vice versa). Following a rule of reciprocity could yield mutual defection rather than cooperation.[10] Axelrod actually anticipated these effects of misperception and suggested a strategy of less than a tit for a tat as a way of mitigating them, but his critics were not entirely satisfied.[11]

Whereas many of Axelrod's critics have focused on the reasons his strategy might fail to produce cooperation in a Prisoners' Dilemma game, some have argued that Prisoners' Dilemma itself is not an appropriate representation of many situations in international relations. Downs and his colleagues maintain that many arms races are not Prisoners' Dilemmas, in which each side prefers to cooperate; rather, they are the game of Deadlock, in which at least one side prefers conflict (defection) to cooperation.[12] As Kenneth A. Oye puts it, "When you observe conflict, think Deadlock—the absence of mutual interest—before puzzling over why a mutual interest was not realized."[13] Others, drawing on the Realist tradition in international relations, have argued that the pursuit of relative advantage severely limits the scope of mutual interests and makes efforts at cooperation even more difficult than advocates of strategies of reciprocity admit.[14]

Although much interesting theoretical work on the sources of cooperation has been published in recent years, there have been relatively few attempts to evaluate competing theories through empirical analysis of

[9] Larson, "Crisis Prevention and the Austrian State Treaty," *International Organization* 41 (Winter 1987), 27–60, at 30–31.

[10] Downs, Rocke, and Siverson, "Arms Races and Cooperation," *World Politics* 38 (October 1985), 118–46.

[11] Axelrod (fn. 7), 138, 182–83; Downs et al. (fn. 10), 140–41.

[12] Downs et al. (fn. 10).

[13] Oye, "Explaining Cooperation under Anarchy: Hypotheses and Strategies," *World Politics* 38 (October 1985), 1–24, at 7.

[14] Joseph M. Grieco, "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism," *International Organization* 42 (Summer 1988), 485–507; Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979).

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historical cases.[15] The case of the 1955 disarmament proposal provides a good opportunity to undertake such an evaluation. The case should prove a difficult test for the generalization that arms races result from Deadlock rather than from Prisoners' Dilemma. Because both sides formally advocated virtually the same terms for an arms agreement, their mutual interests appear to have been self-evident. The 1955 case also appears to challenge the notion of GRIT as a successful strategy for inducing cooperation. If, as Larson argues, GRIT worked to produce Soviet concessions and a big-power agreement on the status of Austria in the spring of 1955, why did it not also work in favor of the disarmament accord that was being negotiated at the same time? One might argue that the failure to conclude a disarmament treaty could be more easily explained by Axelrod's model. But as Larson points out, in 1955, "the 'shadow of the future' did not loom large because at the height of the cold war, from 1948 until Stalin's death, there was little trade and no significant U.S.-Soviet collaboration."[16] Thus, it seems that one of Axelrod's main conditions was not met; and one could argue that if it had been met, cooperation would have been achieved in the form of a disarmament agreement. If, however, the situation was not a Prisoners' Dilemma at all but was a Deadlock, Axelrod's notion of the shadow of the future would not have applied. A close look at the objectives of the two sides at the time should help determine which interpretation of the "game" of disarmament negotiations obtains.

Soviet Objectives

Some observers have argued that Soviet interest in the Anglo-French disarmament memorandum was a bluff. Walt W. Rostow has suggested that the USSR's proposals issued in advance of the July 1955 Geneva summit were intended "to encourage complacency in the West." The Soviets' intention, in his view, was not to signal a willingness to restrict their armaments but rather "to induce the West to diminish the attention

[15] Important exceptions include Larson's work (fn. 9), and George Bunn and Rodger A. Payne, "Tit-for-Tat and the Negotiation of Nuclear Arms Control," *Arms Control* 9 (December 1988), 207–33. Axelrod (fn. 7) included a historical discussion of the "live-and-let-live" system of trench warfare during World War I. Tit-for-Tat, GRIT, and other strategies are mentioned, but not systematically compared, in some of the historical case studies in Alexander L. George, Philip J. Farley, and Alexander Dallin, eds., *U.S.-Soviet Security Cooperation: Achievements, Failures, Lessons* (New York: Oxford University Press, 1988). *World Politics* 38 (October 1985), a special issue on cooperation, includes historical case studies but no discussion of GRIT.

[16] Larson (fn. 9), 58.

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and outlays devoted to the arms race," while they continued "to close the gap in weapons of mass destruction and to modernize their ground forces."[17] As one of the principal architects of the Open Skies proposal presented by President Eisenhower at the Geneva summit, Rostow cannot, however, be considered a disinterested observer. The main objective of the proposal was, in his words, "to achieve at the summit a positive political and psychological result."[18] It appears that his interpretation of Soviet motives as limited to the sphere of public relations was colored by mirror-imaging.

In the absence of Soviet archival materials, it is difficult to determine for certain Soviet motives; but there is evidence that suggests some genuine Soviet interest in securing an agreement on mutual reductions in armed forces. Furthermore, this evidence seems consistent with our understanding of overall Soviet military policy during this period and the choices facing the Kremlin leadership. Finally, some insights from the Realist critique of cooperation theory—particularly the argument that states seek to maximize relative rather than absolute gains in their dealings with other states—reinforce the interpretation of Khrushchev's disarmament bids as serious.

A number of observers have argued that there was a major change in the USSR's approach to arms negotiations following the death of Stalin. For example, a Soviet defector who had specialized in disarmament at the Foreign Ministry quotes his superior as follows: "We're starting a new policy that will mean serious negotiating on disarmament."[19] He dates the change in policy to 1954.[20] A Yugoslav diplomat who was somewhat of a confidant of Khrushchev's, presents further evidence of the new leader's interest in the issue.[21] Western scholars also recognize Khrushchev's willingness to make concessions in the disarmament sphere and on related issues, such as the status of Austria.[22] Soviet scholars, who now openly admit that Stalin's policy toward disarmament negotiations was

[17] Rostow (fn. 5), 20.

[18] *Ibid.*, xi.

[19] Arkady N. Shevchenko, *Breaking with Moscow* (New York: Knopf, 1985), 78. The veracity of Shevchenko's book has been called into question with regard to the circumstances of his defection, the extent of his personal relations with top Soviet officials, and his value to American intelligence. He has not, however, been challenged on the details of his early years in the Foreign Ministry. See Edward Jay Epstein, "The Spy Who Came In to Be Sold," *New Republic*, July 15 and 22, 1985, 35–42.

[20] Shevchenko, personal communication, September 23, 1987.

[21] Veljko Mičunovič, *Moscow Diary*, trans. David Floyd (New York: Doubleday, 1980), 157, 166.

[22] Vojtech Mastny, "Kremlin Politics and the Austrian Settlement," *Problems of Communism* 31 (July–August 1982), 37-51; Larson (fn. 9). See also Bloomfield et al. (fn. 2).

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not aimed at obtaining agreement, also describe an important change coinciding with Khrushchev's advent to power.[23]

A consideration of the overall context of Soviet military policy at the time sheds further light on Soviet motives. Stalin had initiated a costly program to develop atomic and thermonuclear weapons, but he had stifled debate on the implications of such weapons and had not allowed Soviet strategy to evolve to take them into account.[24] Thus, the death of Stalin in March 1953 left his successors to deal with a number of pressing issues in the military sphere. During the next few years the Soviet leadership had to make crucial decisions concerning the character and scope of the strategic nuclear weapons program. Khrushchev and his allies appear to have wanted a disarmament agreement as a substitute for expensive new weapons that would undercut his domestic economic plans. In that sense, the timing of Soviet acceptance of the Anglo-French plan is a further indication of Soviet intent.

In August 1953 the Soviets tested their first nuclear weapon that involved thermonuclear reactions. The next step was to develop a true superbomb (as the hydrogen bomb was called at the time), capable in principle of unlimited explosive force. Only in November 1955 did the USSR test such a weapon, with a yield of 1.6 megatons. The United States, by contrast, had already tested a 10-megaton device in October 1952, and a 15-megaton bomb in February 1954.[25] In the intervening period the Soviet leadership had to decide how much effort to put into its nuclear program and whether there was any possibility of imposing mutual limits through international negotiations. On the one hand, the Soviets were encouraged by the imminent approach of some rudimentary form of strategic parity; on the other, they were concerned that the U.S. advantage in nuclear technology would nevertheless persist and perhaps increase.

In the mid-1950s Khrushchev and his colleagues faced key decisions as to the appropriate delivery vehicles for nuclear weapons. This is apparent from remarks that he made in his memoirs in reference to discussions within the Soviet leadership over military priorities in the period 1955–1956:

[23] Vladislav Zubok, "SSSR-SShA: put' k peregovoram po razoruzheniiu v iadernyi vek (1953–1955 gg)" [USSR-USA: The road to negotiations on disarmament in the nuclear age (1953–1955)] (Paper presented at a conference at Ohio University, Athens, Ohio, October 1988).

[24] Matthew Evangelista, *Innovation and the Arms Race: How the United States and the Soviet Union Develop New Military Technologies* (Ithaca, NY: Cornell University Press, 1988), chap. 5.

[25] David Holloway, *The Soviet Union and the Arms Race* (New Haven: Yale University Press, 1983), 24.

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> We still had to resolve the question of construction of rocket and aviation armament. That is, we had to create armed forces with the same systems as our probable opponent possessed. These were all airborne systems. They would be planes—bombers—or rockets. We could not yet really rely on rockets then. We were still in a situation where we considered that an air force and bombers were important.[26]

The context for Khrushchev's remarks was a debate over whether to cut back on plans that Stalin had initiated for a large expansion of the Soviet fleet. Khrushchev maintained that nuclear weapons had made surface ships virtually obsolete and that priority should be given to the development of long-range aircraft and missiles. Khrushchev won this argument, but judging by how often he mentions the issue in the course of his reminiscences, it must have caused a major political battle. He would presumably have welcomed a disarmament agreement that limited some Western forces as the USSR was trimming its navy.

Analysts in the Realist tradition argue that states are unlikely to pursue cooperative agreements if they foresee their adversary receiving relatively greater benefits than they anticipate for themselves. Thus, states do not seek merely to maximize their own gains, but "*to prevent advances in the relative power of others.*"[27] According to this logic, if states fear that the rate of growth of their opponent's power exceeds their own, they should seek an agreement that at least stabilizes the status quo even if it does not shift the balance of power in their favor. Such states should even be willing to make concessions and accept an agreement that codifies a relatively disadvantageous situation in the present if they believe the future could be even worse without an agreement.

One of the main motives for Soviet interest in the UN disarmament plan does appear to be the perception of a deteriorating military balance and especially concern about the evolving military situation in Europe.[28] In a speech delivered in February 1955, three months before the USSR

[26] Nikita S. Khrushchev's transcript of tape-recorded reminiscences, Harriman Library, Columbia University, 920, 923.

[27] Joseph M. Grieco, "Realist Theory and the Problem of International Cooperation: Analysis with an Amended Prisoner's Dilemma Model," *Journal of Politics* 50 (August 1988), 600–624, at 602; emphasis in original. See also Grieco (fn. 14), and Waltz (fn. 14).

[28] Paradoxically, Soviet proponents of negotiated agreements with the U.S. are often obliged in confronting their domestic critics to argue that relative Soviet *strength* allows for pursuit of arms control rather than that weakness demands it. Some Western analysts have accepted these arguments and assumed that the Soviets were confident of their strength at a time when in fact the nuclear balance heavily favored the U.S. and its allies. See Herbert S. Dinerstein, *War and the Soviet Union: Nuclear Weapons and the Revolution in Soviet Military and Political Thinking*, rev. ed. (New York: Praeger, 1962). Soviet moderates were also reluctant to evoke a foreign threat for fear of damaging their program of domestic de-Stalinization. Stalin had used the specter of external enemies to justify internal repression. See Zubok (fn. 23).

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presented its disarmament plan, Marshal Georgii Zhukov, the Soviet defense minister, called attention to worrisome developments there. He expressed particular concern over the rearmament of West Germany and its entry into NATO; over the deployment of U.S. tactical nuclear weapons with NATO forces; and over the expansion of U.S. military bases.[29] The Soviets had already begun to respond to the deployment of U.S. tactical nuclear systems in Europe during 1953.[30] By 1955 the military and political leadership faced a number of important decisions. The Soviets chose to do more than simply imitate American weapons and strategy. Rather, their response was twofold. In the short term they restructured their air defense forces to respond to nuclear attack and began instructing soldiers in the effects of nuclear weapons.[31] The Soviet leaders also initiated programs to develop tactical nuclear weapons and delivery vehicles to carry them. As with strategic weapons, they hedged their bets by ordering development of all the systems that they knew the Americans were working on—missiles, artillery, and aircraft.[32] Khrushchev may have viewed a disarmament agreement as a way to avoid making tough choices about what systems to produce. He could not have hoped to keep up with the Americans in all areas of military competition.

Soviet actions following the U.S. rejection of the May 1955 plan offer further corroboration of Soviet interest in some measures of disarmament. In the wake of the failure to obtain Western agreement on mutual large-scale reductions in conventional forces, the Soviets reduced their army unilaterally. From 1955 through 1957, the USSR cut back its armed forces by an estimated 1.84 million men.[33] If the Soviets were willing to undertake such measures unilaterally, one assumes that they would have preferred to have the Western powers limit their forces as well. Some observers, such as Rostow, dispute this interpretation. They view the extensive demobilization of ground and tactical air forces as a sensible means to "modernize" the Soviet armed forces. From this perspective,

[29] "Rech' tovarishcha G. K. Zhukova" [Speech of Comrade G. K. Zhukov], *Krasnaia zvezda*, February 21, 1955.

[30] Some systems had already been secretly deployed in Britain and with naval forces in the Mediterranean in the spring of 1952, but public attention was not drawn to these developments until the following year. See the discussion in Evangelista (fn. 24), 152, 225.

[31] Matthew Evangelista, "The Evolution of the Soviet Tactical Air Forces," *Soviet Armed Forces Review Annual* 7 (1982–1983), 451–79; M. A. Gareev, *Takticheskie ucheniia i manevry* [Tactical exercises and maneuvers] (Moscow: Voenizdat, 1977), 171–72, 189–90; and Vladimir Lavrinenkov, *Bez voiny* [Without war] (Kiev: Politizdat Ukrainy, 1982), 203.

[32] Evangelista (fn. 24), chap. 5.

[33] Soviet figures given by Khrushchev in a speech, reprinted in *Pravda*, January 15, 1960, are generally accepted by Western analysts. See the extensive discussion in Thomas W. Wolfe, *Soviet Power and Europe, 1945–1970* (Baltimore, MD: Johns Hopkins University Press, 1970), 162–66.

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the troop reductions were entirely in the Soviet interest and should not be considered as concessions intended to demonstrate a new cooperative attitude toward disarmament.[34]

The interpretation that the reductions did not hurt but rather benefited Soviet military capabilities apparently stems from the belief that nuclear weapons, especially tactical nuclear weapons, compensate for cuts in conventional forces. This "more bang for the buck" argument was widely promoted in the United States by the Eisenhower administration, although many prominent officers of the U.S. Army disagreed, starting with the Army Chief of Staff himself. In 1954 General Matthew Ridgway claimed that the deployment of tactical nuclear weapons "does not warrant the assumption that the need for soldiers will become less." "On the contrary," he argued, "there are indications that the trend will be in the opposite direction." He cited several reasons for needing more forces: the increased depth of the battlefield, the need for greater dispersion of forces, and the multiplication of maintenance and support facilities to supply large numbers of small mobile combat units.[35]

Khrushchev put forward his own version of the "more bang for the buck" argument (often dubbed "more rubble for the ruble") to justify his unilateral troop cuts. But as in the American case, Khrushchev's reductions, and his rationale for them, met resistance from some sectors of the military from the start. Lieutenant General Krasil'nikov of the General Staff, for example, argued that the prospect of a nuclear battlefield "calls not for the reduction of the numbers of combatants, but for their logical further increase, since the threat of wiping out divisions grows, and large reserves will be needed for their replacement."[36] A number of Soviet military figures cited arguments by U.S. Generals Bradley, Collins, Ridgway, Taylor, and others to support a case for maintaining mass armies.[37]

[34] Rostow (fn. 5), 20.

[35] Ridgway's remarks come from a speech delivered on September 9, 1954, quoted in Memorandum for Admiral Radford, Subject: Differing Philosophies, Generals Ridgway and Gruenther, September 11, 1954, p. 3, CJCS 092.2 North Atlantic Treaty, Modern Military Branch, National Archives. I am grateful to Charles Naef for calling this document to my attention. Ridgway expressed similar views in Congressional testimony, in an undated document, "Notes for Questions or Comment," Office of the Staff Secretary, Subject Series, Alphabetical Subseries, Box 3, Folder: "Army—Testimony [by Gen. Ridgway] re Strength," Eisenhower Library. See also his autobiography, Matthew Ridgway, *Soldier* (New York: Harper, 1956). For similar views from other army officers, see Maxwell Taylor, *The Uncertain Trumpet* (New York: Harper, 1959), and James Gavin, *War and Peace in the Space Age* (New York: Harper, 1958), 139, 151, 229.

[36] S. Krasil'nikov, *Marksizm-Leninizm o voine i armii* [Marxism-Leninism on war and the army] (Moscow: Voenizdat, 1956), 148, 150–51.

[37] See the discussion in Raymond L. Garthoff, *Soviet Strategy in the Nuclear Age* (New York: Praeger, 1958), 124–25.

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Thus, from the standpoint of the Soviet military, the troop reductions were evidently not cost-free. In addition to their effect on military capability, the cuts also entailed problems of morale and dislocation, as hundreds of thousands of soldiers and officers were forced to reintegrate themselves into the civilian work force.[38] In carrying out the reductions, Khrushchev himself suffered a serious loss of political prestige and authority within the armed forces, as Soviet military memoirs make clear. Although military criticism of Khrushchev's reductions became particularly vocal following the announcement of a new round of cuts in 1960,[39] recent evidence attests to the demoralization and discontent engendered by even the initial reforms of the mid-1950s. A commander of an air defense division writes in his memoirs, for example, that the late 1950s were "a difficult time for us military people. We still hadn't managed to survive the first unilateral reduction of the Soviet armed forces when a second began. Some of us didn't take the so-called reforms very cheerfully. Sometimes it seemed that everything we had done up until then was now unnecessary."[40]

It is tempting with hindsight to argue that the unilateral reductions do not shed any light on Soviet attitudes toward disarmament because they were the sensible and rational thing to do in any case. Yet developments in the post-Khrushchev period, and even up to the present, call this interpretation into question. There were disagreements at the time concerning the wisdom of downgrading the conventional forces (Khrushchev even went so far as to eliminate the position of commander in chief of the ground forces in September 1964), and many of Khrushchev's initiatives were reversed by his successors. The Brezhnev era saw a major buildup and modernization of conventional forces and a change in military doctrine that stressed preparation for a long conventional phase in a future East-West conflict and rejection of Khrushchev's "one-variant" (nuclear) war.[41] The current Soviet debate over conventional forces and disarmament reinforces the impression that we should not consider Khrushchev's policy to have been the obvious or only course

[38] See Marshal Rodion Malinovskii's report in *Krasnaia zvezda*, January 20, 1960; for an extensive discussion, see Jutta Tiedtke, *Abrüstung in der Sowjetunion: Wirtschaftliche Bedingungen und soziale Folgen der Truppenreduzierung von 1960* [Disarmament in the Soviet Union: Economic conditions and social consequences of the troop reduction of 1960] (Frankfurt am Main: Campus Verlag, 1985), 157–79.

[39] Matthew Gallagher, "Military Manpower: A Case Study," *Problems of Communism* 13 (May–June 1964), 53–62; Thomas W. Wolfe, *Soviet Strategy at the Crossroads* (Cambridge: Harvard University Press, 1965), 238–42; Tiedtke (fn. 38), 54–62; Herbert Ritvo, "Internal Divisions on Disarmament in the USSR," in Seymour Melman, ed., *Disarmament: Its Politics and Economics* (Boston, MA: American Academy of Arts and Sciences, 1962), 212–37.

[40] Lavrinenkov (fn. 31), 225.

[41] Holloway (fn. 25), 39–43; Gallagher (fn. 39); Wolfe (fn. 33), passim.

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for dealing with Soviet military issues at the time. Participants in today's debates interpret the Khrushchev reforms in light of their own policy preferences.[42] Soviet proponents of unilateral initiatives of restraint argue that Khrushchev's reductions enhanced Soviet security by leading to "a rapid growth of the prestige and influence of the Soviet Union and the gradual improvement of the world situation," and that similar policies under Gorbachev have the same effect.[43] Opponents of unilateral restraint point to the demoralizing consequences of Khrushchev's reductions for the armed forces and argue that the policy was ill-advised on military grounds as well.[44] Such contemporary and retrospective disagreements among Soviet observers should make Western analysts cautious about interpreting Khrushchev's actions as obvious, necessary, or inevitable.

For a number of reasons, it seems apparent that Khrushchev did not view the reductions merely as a means to modernize the Soviet armed forces. Such a limited objective would hardly seem worth the risk of alienating important segments of the military. Contrary to Rostow's view, Khrushchev does appear to have hoped that the United States would view the reductions as a concession that would improve the prospects for a disarmament agreement. Some analysts believe that the Soviets sought specifically to trade their numerical strength in conventional forces for the growing U.S. advantages in tactical nuclear weaponry.[45] The Soviets evidently had economic motives as well—both for the reductions themselves and for further disarmament measures. In the transcript of his tape-recorded reminiscences, Khrushchev justified the cuts by associating them with his broader disarmament proposals: "To fight for disarmament or arms reductions at the time the Soviet Union had such an enormous army—no one would believe it."[46] That he was motivated by economic concerns is also evident from the transcript. His remarks about the reductions come directly after his statement that the United States was using the arms race to destroy the Soviet economy, "and by that means to obtain its goals even without war."[47] The unilateral reductions were supposed to inspire reciprocal Western measures, or at least serious negotiations, but they did neither.

[42] R. Hyland Phillips and Jeffrey I. Sands, "Reasonable Sufficiency and Soviet Conventional Defense: A Research Note," *International Security* 13 (Fall 1988), 164–78.

[43] Vitaly Zhurkin, Sergei Karaganov, and Andrei Kortunov, "Reasonable Sufficiency; or, How to Break the Vicious Circle," *New Times*, October 12, 1987, 14.

[44] (General of the Army) Ivan Tret'iak, "Reliable Defense First and Foremost," *Moscow News*, February 21, 1988.

[45] Bloomfield et al. (fn. 2), esp. 85–86.

[46] Khrushchev transcript (fn. 26), 403–4.

[47] *Ibid.*, 403.

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Although some retrospective accounts have been more skeptical, many U.S. officials during the 1950s recognized Soviet interest in negotiated measures of arms control. Indeed, their opposition to the 1955 plan stemmed from their belief that stopping the arms race would serve Soviet interests more than American ones, because the U.S. held a relative advantage in the development and production of modern weaponry and its economy was much larger than the Soviet one. This concern for how agreements affect the relative position of states, rather than their absolute welfare, is highlighted by Realist approaches to international cooperation.

U.S. Objectives

Even as the May 1955 meeting of the UN Disarmament Subcommittee was breaking up, James Wadsworth, the deputy U.S. representative, admitted that "to a measurable degree, the gaps between us seem to have been lessened."[48] Clearly, one could have predicted U.S. opposition to important aspects of the Soviet proposal, particularly, the prohibition on foreign military bases and the system of on-site inspection of airports, railroad junctions, and other potential military staging areas.[49] Most of the provisions, however, and even the language itself, were taken directly from previous Western texts. Yet the United States did not use the Soviet proposal as a basis for negotiation. Rather, the U.S. rejected it outright in favor of the Open Skies initiative.

In order to understand the U.S. position, one does not need to derive American interests deductively from evidence of military programs, economic concerns, and so forth, as in the Soviet case. Many of the relevant documents have now been declassified (although often with substantial deletions), so one can establish U.S. views more directly.

According to these documents, it seems clear that the United States was not interested in securing an agreement with the Soviets to reduce and eliminate nuclear and conventional arms. Most American officials evidently preferred the risk of an unconstrained arms race to any conceivable agreement that could be reached with the USSR. They were particularly skeptical that a disarmament accord could be adequately verified, and they believed, in any case, that U.S. security would be better served by an arms buildup. One gets this impression not only from the

[48] "Statement by the Deputy United States Representative on the Disarmament Subcommittee (Wadsworth), May 18, 1955," in *Documents on Disarmament* (fn. 2), 1:474.

[49] "Soviet Proposal Introduced in the Disarmament Subcommittee: Reduction of Armaments, the Prohibition of Atomic Weapons, and the Elimination of the Threat of a New War, May 10, 1955," *ibid.* 1:456–67.

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internal discussions within the Eisenhower administration that followed the presentation of the Soviet disarmament plan; it had emerged as the dominant trend in U.S. thinking already in the Truman years.

The Truman administration's policy on disarmament was set forth in the document NSC 112, "Formulation of a United States Position with Respect to the Regulation, Limitation, and Balanced Reduction of Armed Forces and Armaments," approved on July 19, 1951. According to a later NSC progress report, "a principal thesis of NSC 112 was that attention should be kept focused, in any international discussions on disarmament, upon the problem of disclosure and verification, in order to test Soviet willingness to accept effective inspection." Even a Soviet rejection of the American proposals would, in the words of the report, be "advantageous to the U.S. for its propaganda value." The mandate of the UN Disarmament Commission, created by the General Assembly in January 1952, was broader than the issue of verification, however, and the rest of the members insisted that other aspects be discussed.[50] The U.S. government continued, nevertheless, to formulate disarmament proposals primarily for their impact on public opinion.

During the Truman administration the Psychological Strategy Board (PSB) played an active role in evaluating U.S. disarmament policy for its propaganda value. The board, originally set up to coordinate "cold war strategy," was involved in numerous aspects of military and disarmament policy. Under the Eisenhower administration the PSB became known as the Operations Coordinating Board (OCB) and was headed by C. D. Jackson, the president's "assistant for psychological warfare," in McGeorge Bundy's words.[51] A number of declassified documents from the PSB and OCB files reinforce the impression that the U.S. government did not perceive disarmament as in its interest but continued to put forward proposals at the United Nations mainly for their effect on international public opinion. For example, in preparation for the first meeting of the UN Disarmament Commission, the PSB analyzed a draft of a speech to be delivered by Benjamin V. Cohen, the U.S. delegate. The board's analysts noticed in the speech "a veiled reference to a determination of the U.S. 'to correct the present unbalance' by rearming some of the less powerful nations . . . 'in Europe and Asia.' " They agreed that the U.S. goal should be rearmament rather than disarmament, but they

[50] National Security Council Progress Report on the implementation of "Formulation of a United States Position with Respect to the Regulation, Limitation, and Balanced Reduction of Armed Forces and Armaments" (NSC 112), January 19, 1953, Office of the Special Assistant for National Security Affairs, NSC Series, Policy Paper Subseries, Folder: "NSC 112/1 Disarmament (6)," Eisenhower Library, p. 2.

[51] Bundy (fn. 1), 290.

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pointed out that "this would seem to open the way for effective counter-propaganda."[52]

A subsequent review, commissioned by the State Department, also remarked on the tension between the dual goals of trying to present a favorable public image while resisting genuine disarmament measures. In April 1952, as the work of the UN Disarmament Commission began, a Panel of Consultants on Disarmament chaired by J. Robert Oppenheimer was appointed to help establish a U.S. policy on disarmament. Completed in January 1953, at the very end of the Truman administration, the report reaffirmed the major U.S. objective in the security field as rearmament rather than disarmament.[53] It referred to discussions in the UN commission as a "propaganda contest" and argued that the regulation of armaments "is very difficult—and for the moment at least it seems impossible."[54] The panel argued that "it is time for the United States to minimize its participation in the discussion of problems of disarmament in the United Nations," lest the public "reach the conclusion that the United States is cynical about disarmament and is trying merely to press for some propaganda advantage."[55]

Despite these recommendations, the Eisenhower administration decided to continue presenting disarmament proposals before the United Nations, while conducting an interdepartmental review of U.S. policy.[56] The ongoing review drew attention to the same issues that had been raised by previous studies: pessimism about the possibility of adequate verification; ambivalence about disarmament itself; and an abiding interest in using the disarmament commission for public relations. Motivated by the latter objective, the U.S. supported a disarmament proposal put before the UN by the British and French on June 11, 1954. It envisioned successive stages of reductions in conventional forces and eventual elimination of nuclear forces. After initially rejecting the proposal, the

[52] Memorandum, Irwin to Norbert, March 11, 1952, Subject: Proposed Cohen Disarmament Statement, Box 34, Folder 388.3, "Disarmament Proposal," Records of the Psychological Strategy Board, Papers of Harry S. Truman, Harry S. Truman Library, Independence, MO. For the previous history of U.S. proposals at the UN, see Memorandum: Disarmament Negotiations, October 24, 1956, Office of the Special Assistant for National Security Affairs, OCB Series, Subject Subseries, Box 4, File: "Missile Program (2)," Eisenhower Library.

[53] "Armaments and American Policy," Report of a Panel of Consultants on Disarmament of the Department of State, January 1953, Office of the Special Assistant for National Security Affairs, NSC Series, Policy Paper Subseries, Box 2, Folder: "NSC 112/1, Disarmament (6)," Eisenhower Library, esp. p. I-2. The panel consisted of Vannevar Bush, John S. Dickey, Allen W. Dulles, Joseph E. Johnson, and J. Robert Oppenheimer.

[54] *Ibid.*, I-4.

[55] *Ibid.*, III-13.

[56] Memorandum: Disarmament Negotiations, October 24, 1956 (fn. 52).

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Soviets agreed in the autumn of 1954 that it could serve as the basis for a draft international disarmament treaty.[57]

The Soviet action focused the administration's attention on the question of whether to continue to endorse the Anglo-French proposal. Working groups from the State and Defense departments argued against: "Continued support of the UN Plan involves unacceptable risk to the U.S. and will be construed as hypocritical by our major allies."[58] Both the Department of Defense and the Atomic Energy Commission expressed doubt that any "technical means" could be devised to insure against Soviet cheating. In late 1954 the Defense Department and the AEC came out explicitly against the UN disarmament plan as "unfeasible and contrary to the security interests of the U.S." The State Department, although critical of the Anglo-French proposal, urged continued negotiations.[59]

How could the U.S. government have supported a disarmament proposal that the three main departments concerned with national security had found threatening to U.S. interests? According to a paper prepared for the National Security Council, U.S. disarmament policy through the mid-1950s was formulated primarily for its effect on "public relations" without taking into account the possibility that the USSR might actually accept the West's proposals. The report stated that

> consideration of this problem has been more often than not mainly stimulated by U.S. concern over Soviet maneuvers and tactics in the UN on the disarmament question; fear of Soviet proposals which might gain international support but be impossible for the U.S. to accept; concern over similar pressures from our allies; and a general desire to keep the initiative on the question in U.S. hands in a manner that will demonstrate to the free world our good record and basically peaceful and constructive intentions in this respect.[60]

The Eisenhower administration, like its predecessor, could not agree

[57] The proposals are reprinted in *Documents on Disarmament* (fn. 2), vol. 1.

[58] "U.S. Policy on Control of Armaments: Agreements and Differences between the Positions Asserted by State and Defense Working Group Members on Principal Issues," with cover memorandum, December 10, 1954, Office of the Special Assistant for National Security Affairs, NSC Series, Policy Paper Subseries, Box 2 Folder: "NSC 112/1 Disarmament (5)," Eisenhower Library, p. 3.

[59] T. B. Koons, "The Disarmament Problem and U.S. Policy before the NSC," April 22, 1955, Office of the Special Assistant for National Security Affairs, Special Assistant Series, Subject Subseries, Box 4, Folder: "Disarmament—General (1955–56) (3)," Eisenhower Library. The report includes an "annex" that puts forward the views of the AEC and the State and Defense departments, as well as a chronology of U.S. policy decisions on disarmament from 1953 to 1955.

[60] *Ibid.*, 2.

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on anything beyond the public relations aspects of its disarmament policy. Unable to reconcile AEC and Defense Department opposition to the UN disarmament plan with the State Department's advocacy of continued negotiation, Eisenhower appointed Harold Stassen on March 19, 1955, as his special representative "to conduct on a fulltime basis a further review of U.S. policies on control of armaments." He also decided "in the interim period to continue support of the current United States position in the UN although providing for adjustments and emphasis."[61] Soviet acceptance of the U.S.-approved UN plan on May 10, 1955, in effect called Eisenhower's bluff.

The Game of Disarmament

In game theoretic terms the 1955 negotiations on disarmament at the United Nations were an example of Deadlock rather than of Prisoners' Dilemma. Only one side, the USSR, was interested in the cooperative solution: a negotiated reduction of conventional and nuclear forces. The United States, by contrast, preferred mutual defection to mutual reductions in armaments: a continued arms race, rather than a negotiated halt. One might argue that the U.S. rejection of the Soviet proposal was merely a tactical move, a way of strengthening the U.S. bargaining position in anticipation of an eventual compromise settlement. The documentary evidence, however, casts considerable doubt on this interpretation. The internal reaction of the Eisenhower administration to the Soviet acceptance of the Anglo-French disarmament memorandum makes clear that the U.S. did not want such an agreement.

The Soviet demarche coincided with the completion of Governor Stassen's report on proposed U.S. disarmament policy. Unlike the Oppenheimer report of 1953, Stassen's study put forward a number of concrete proposals for mutually advantageous disarmament measures that could have formed the basis for compromise. He advocated "the cessation of all nuclear production, limited production of conventional weapons for replacement only, and no further expansion of foreign bases, para-military, or foreign stationed forces"; a halt to nuclear testing; prior notification of movement of armed forces; and extensive provision for on-site verification through an international armaments commission.[62] In a break with previous policy, Stassen argued that "the best public rela-

[61] *Ibid.*, 3–4, and Annex A.

[62] Progress Report, "Proposed Policy of the United States on the Question of Disarmament" (fn. 2), 17–20.

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tions will flow from genuine negotiations on a realistic plan, rather than from unrealistic or over-dramatized presentations to the public."[63]

Stassen's proposals were close enough to the Anglo-French memorandum and the Soviet plan to constitute an ideal starting point for negotiations aimed at a compromise agreement—a point that President Eisenhower himself made.[64] The Stassen plan would have addressed a number of Soviet concerns, in particular, the proliferation of U.S. bases abroad, nuclear testing, and German rearmament. Perhaps the major difference between the Stassen plan and the others is that the Stassen plan did not ban nuclear weapons. It froze them at current levels, which favored the United States, while implementing measures to lessen the threat of surprise attack. The verification regime as well differed from the one put forward by the USSR. It is not unreasonable to speculate, however, that the Soviets might have been willing to compromise on these issues.

The important point for the present discussion is that Stassen's plan did not make it beyond the U.S. National Security Council, let alone to the United Nations. His proposals were sharply criticized, especially by the Pentagon, and ultimately rejected.

The U.S. Joint Chiefs of Staff, in a memorandum commenting on the Stassen report, expressed precisely the position advocating Deadlock: "There is less risk to the security of the United States in the continuation of current armament trends than in entering into an international armaments limitation agreement."[65] Charles Wilson, the secretary of defense, concurred with the position of the JCS and argued that "dealing with arms regulation in advance of the settlement of the major political issues causing international tensions is unrealistic and contrary to the best interests of our national security." Rather than pursue arms control, the U.S. should maintain "basic military strength necessary and adequate to destroy the military power of any nation which seeks world conquest through military aggression." Wilson expressed the view of the Defense Department that "deterrence by armed strength is our best real hope for peace."[66] Evidently anticipating criticism, Wilson acknowledged that

[63] *Ibid.*, 29.

[64] Memorandum, July 1, 1955, Subject: Discussion at the 253rd Meeting of the National Security Council, Thursday, June 30, 1955, Eisenhower Papers, 1953–1961, Ann Whitman File, p. 10, Eisenhower Library.

[65] Memorandum for Secretary of Defense from Chairman of the Joint Chiefs of Staff, June 16, 1955, Subject: Progress Report on the Control of Armaments Made to the President and the National Security Council by the Special Assistant to the President on May 26, 1955, Office of the Staff Secretary: Records, 1952–1961, Subject Series, Alphabetical Subseries, Box 11, Folder: "Disarmament [vol. I] (5)," p. 6, Eisenhower Library.

[66] Memorandum for the President from the Secretary of Defense, June 28, 1955, Subject:

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"there is an impression that such a formula calls for an all-out arms race that would result eventually in economic disaster," but he dismissed the label of "arms race," as the JCS report did, on the grounds that the U.S. "is not allowing its military effort to be an intolerable drain on its technological, economic and manpower resources."[67] Yet the prescription was clear. In an NSC meeting held to discuss the Stassen report, President Eisenhower remarked to Arthur Radford, the Chairman of the Joint Chiefs of Staff, that "so far as he could see, Admiral Radford believed that the United States should proceed as at present in the arms race despite the fact that this was a mounting spiral towards war."[68]

The president evidently recognized that his advisers favored defection rather than cooperation. If adequate verification were their only concern, one might be able to characterize the situation as a Prisoners' Dilemma: the U.S. would disarm if it could be sure the Soviets would do so as well. But Eisenhower's advisers did not want the U.S. to disarm; they often raised concerns about verification as a way to avoid admitting this basic fact. At an NSC meeting in June 1955 Secretary of State John Foster Dulles made the relationship explicit. He remarked that "Governor Stassen's present plan was one that best served the interests of the United States, since in essence it freezes our present nuclear superiority over the Soviet Union." He pointed out, however, that U.S. allies did not want to freeze armaments at current levels: "They want these armaments to be eliminated or at least reduced." Dulles wanted to avoid having the British and French "bring pressure upon us to make concessions which might result in a considerable weakening of the advantages which the Stassen plan in its original form would confer on the United States. Accordingly, Secretary Dulles recommended that heavy initial emphasis from now on be placed on the problem of inspection and policing." Dulles admitted, however, that the U.S. might find it difficult to agree even to a strictly verified disarmament accord: "We must understand what we are willing ourselves to accept. How will we react to a lot of Soviet representatives scattered throughout our industrial and military cen-

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Progress Report on the Control of Armaments by the Special Assistant to the President on Disarmament, vols. I, II, and III, May 26, 1955, and vol. IV, June 23, 1955, Office of the Staff Secretary: Records, 1952–1961, Subject Series, Alphabetical Subseries, Box 11, Folder: "Disarmament [vol. I] (5)," pp. 1–2, 5, Eisenhower Library. Reagan administration officials in 1982 refused to declassify much of Wilson's memorandum, including the passages quoted above. It was finally released in full in July 1989 in response to my request under the mandatory classification review provisions of Executive Order 12356.

[67] *Ibid.*, 5–6.

[68] For some reason the rest of Eisenhower's comment has been exempted from declassification. Memorandum, July 1, 1955 (fn. 64), 9.

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ters?"[69] Dulles raised the possibility that the U.S. might again feel obliged to reject its own proposal. Secretary Wilson, who opposed the proposal in any case, also rejected the stringent verification provisions that would be necessary to enforce it. Expressing doubts about Soviet willingness to countenance on-site inspection, he argued in a memorandum to Eisenhower that "even the United States would find such an invasion of our scientific and industrial privacy extremely disruptive of our economic system."[70]

Ironically, a number of administration officials, including the president and the secretary of state, apparently realized that the USSR saw the situation in 1955 as a Prisoners' Dilemma and was trying to signal an interest in a cooperative solution. According to Dulles, "The Soviets had actually gone a long way to meet the British and French position on disarmament, without realizing that there was a very wide gap between the United States and the British and French on the issue of disarmament."[71] On another occasion "Secretary Dulles said he believed that the Soviets genuinely wanted some reduction in the armament burdens in order to be able to deal more effectively with their severe internal problems. Accordingly, the Soviet Union may be prepared to make concessions."[72] Eisenhower agreed.[73] Thus, unlike some observers, the two top U.S. foreign policy makers—the president and his secretary of state—both believed the Soviets seriously sought a negotiated arms-reduction agreement.

In the event, however, the Eisenhower administration fell back on the previous pattern of competing with the Soviets at the public relations level rather than negotiating in good faith. Harold Stassen's proposals were eviscerated, leaving nothing but his emphasis on preventing surprise attack. The Open Skies proposal that replaced Stassen's plan certainly made for good public relations, but it offered little room for compromise. For many U.S. officials, that was precisely the plan's attraction. Admiral Radford argued, for example, that Soviet acceptance of Open Skies would "give the U.S. a decided intelligence advantage," and rejection, "a decided public opinion advantage."[74] As many American participants had anticipated, the Soviets denounced the Eisenhower proposal

[69] *Ibid.*, 11.

[70] Memorandum for the President, July 28, 1955 (fn. 66), 6.

[71] Memorandum, May 20, 1955, Subject: Discussion at the 249th Meeting of the National Security Council, Thursday, May 19, 1955, Eisenhower Papers, 1953–1961, Ann Whitman File, p. 10, Eisenhower Library.

[72] Memorandum July 1, 1955 (fn. 64), 10.

[73] *Ibid.*, 13.

[74] Quoted in Bundy (fn. 1), 298.

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as a deliberate attempt at espionage. The plan envisaged unrestricted overflights of each country's territory and the exchange of "blueprints" of military facilities. A U.S. diplomat who was present at the unveiling of the proposal remembers that "no one had any illusions that the Russians with their passion for secrecy would ever accept it."[75]

In fact, the Open Skies proposal was not as nonnegotiable as some of its architects apparently hoped. The Soviets were willing to accept some of its features, but the U.S. was unwilling to compromise. After considerable hesitation, Khrushchev and his colleagues eventually offered to allow overflights several hundred miles into Warsaw Pact territory.[76] Khrushchev recalled the offer years later in retirement. His recollection of the goals of the negotiations accord with President Eisenhower's purpose—the prevention of surprise attack. As Khrushchev put it, "We agreed on the establishment of mutual inspection [*kontrol'*] at airdromes, in order not to create the possibility of mobilization and transport of troops in the necessary direction with the use of aviation."[77] Khrushchev's reminiscences suggest that the inspection bid was intended to produce an accord: "We made great concessions—we thought that this would lead to an agreement."[78] Yet, as with the rest of the disarmament negotiations of the period, "no understanding was found on this either and no agreement was reached."[79] Of course, one must be alert to possible distortions of a self-serving nature in such reminiscences, but most chroniclers of disarmament negotiations of this period believe that the Soviets were willing to accept some intrusive measures of inspection.[80] Furthermore, a number of U.S. officials at the time, most notably Harold Stassen, took Soviet inspection proposals seriously enough to recommend to the secretary of state that the U.S. propose an exchange of technical specialists to explore the feasibility of on-site verification.[81] Nothing came of these suggestions, however, and, as Khrushchev correctly recalls, no progress was made on inspections or disarmament.

[75] Transcript of Oral History interview with Vernon Walters, conducted by John Wickham, April 21, 1970, Eisenhower Library, p. 42. See also the remarks of the deputy U.S. representative to the UN, James J. Wadsworth, *The Price of Peace* (New York: Praeger, 1962), xii.

[76] The proposal is reprinted in *Documents on Disarmament* (fn. 2), 1:721–29; and discussed in Bloomfield et al. (fn. 2), 29–30.

[77] Khrushchev transcript, 405–6.

[78] *Ibid.*, 405.

[79] *Ibid.*, 405–6.

[80] See, e.g., Bechhoefer (fn. 1), esp. chap. 13; Bloomfield et al. (fn. 2), esp. 82–84.

[81] Letter from Harold E. Stassen to John Foster Dulles, August 5, 1955, Office of the Special Assistant for National Security Affairs, Special Assistant Series, Subject Subseries, Box 4, Folder: "Disarmament—General (1955–1956) (3)," Eisenhower Library.

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Why Not Take Yes for an Answer

In retrospect, it seems clear that neither of the two competing strategies, Tit-for-Tat or GRIT, would have led to a disarmament agreement in the mid-1950s, but not for the reasons that analysts have put forward. Larson, for example, argues that the lack of a "shadow of the future" in Soviet-American relations of the early 1950s would have doomed a strategy of Tit-for-Tat to failure. Yet her argument that "there was little trade and no significant U.S.-Soviet collaboration" at the height of the cold war is irrelevant to the notion of the shadow of the future.[82] If both countries had perceived themselves to be in a Prisoners' Dilemma situation, then the arms race itself would have cast a shadow on the future: both sides would have preferred the higher payoffs of the cooperative solution to the mutual defection that results from inability to secure and verify the other side's cooperation. Both sides would have had an incentive to strengthen measures of verification and move toward cooperation rather than continue to compete indefinitely in a series of mutual defections. The shadow of the future did not apply in 1955 because the U.S. did not perceive the situation as a Prisoners' Dilemma. The prospect of an arms race (a series of future mutual defections) was preferable to a negotiated solution and did not therefore provide any incentive for pursuing compromise on the Soviet disarmament plan. As Bundy put it, "What Dulles feared about proposals for disarmament in 1955 was simply that they might lead to agreement."[83]

Contrary to what a GRIT analysis might contend, the 1955 negotiations did not fail as a result of hostility-induced misperception of the other side's intentions. Even John Foster Dulles, whose views of Soviet motives seemed impervious to change,[84] recognized the seriousness of Soviet disarmament proposals. While publicly the U.S. dismissed as propaganda such initiatives as the unilateral reductions in Soviet armed forces,[85] in closed NSC meetings Dulles argued that "the Soviets had effected a complete alteration of their policy. Their policy had been hard and was becoming soft." According to Dulles, the Soviets were seeking

[82] Larson (fn. 9), 58.

[83] Bundy (fn. 1), 301.

[84] Ole R. Holsti, "Cognitive Dynamics and Images of the Enemy: Dulles and Russia," in David J. Finlay, Ole R. Holsti, and Richard R. Fagen, *Enemies in Politics* (Chicago: Rand McNally, 1967), 25–96; Larson (fn. 9).

[85] See, for example, the background press statement prepared by the President's Special Committee on Disarmament Problems, Joseph S. Toner, Executive Secretary, in response to the Soviet announcement of a second series of reductions, May 14, 1956, in Office of the Staff Secretary, Subject Series, Alphabetical Subseries, Box 11, Folder: "Disarmament [vol. I] (6) [May–June 1956]," Eisenhower Library.

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"some limitation on the arms race, some easing of the armaments burden. This they were seeking not merely as a trick, but because they could ill afford to sustain this burden."[86]

The U.S. refused to compromise on a disarmament agreement in the 1950s because in internal government deliberations the view prevailed that the potential risks—including the possibility of Soviet cheating—outweighed the benefits, for example, in terms of monetary savings. The main opponents of a U.S.-Soviet disarmament agreement—the U.S. military—did not have the same misgivings about an arms race as Dulles believed the Soviets had. Indeed, the Joint Chiefs of Staff rejected the very term "arms race," because it "lends an impression that the United States is seriously straining itself to keep pace with the Soviets in this field." The JCS recognized the possibility of a shadow of the future, but they remained complacent:

> The United States and its Allies have, as a matter of policy, endeavored to set a level of forces and armament expenditures which can be maintained over the long term, with due consideration for economic and other factors which affect the well-being of their people. . . . However, should the necessity arise and were the United States truly to embark on an arms race, its armaments output could be increased many fold—well beyond that of the Communist Bloc.[87]

Implications

The disarmament negotiations of the mid-1950s contain a number of remarkable parallels to the situation of the late 1980s. The Soviet leadership under Mikhail Gorbachev appears to have pursued a GRIT strategy much like the one that, as Larson argues, Nikita Khrushchev followed in the 1950s. Even the details of the Soviet initiatives and proposals are similar. Gorbachev, like Khrushchev, announced a significant unilateral cut in conventional forces.[88] His suggestions for negotiated reductions are in many respects close to the May 1955 plan. In May 1989, for example, Gorbachev handed U.S. Secretary of State James Baker a proposal for reductions in NATO and Warsaw Pact forces down to 1.35 mil-

[86] Memorandum, May 20, 1955 (fn. 71), 7–9.

[87] Memorandum for Secretary of Defense from Chairman of the Joint Chiefs of Staff, June 16, 1955 (fn. 65), 3.

[88] Bill Keller, "Gorbachev Vows Major Military Cutback and a 'Clearly Defensive' Stand in Europe," *New York Times*, December 8, 1988; R. Jeffrey Smith and George C. Wilson, "Decision Welcomed in U.S.," *Washington Post*, December 8, 1988.

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lion troops per alliance.[89] As with the 1955 proposal, the new offer would entail highly asymmetric reductions on the Soviet side. As in 1955, the Soviet proposal adopted much of the Western negotiating position; and, despite the record of previous Soviet initiatives, this one also seemed to take the West by surprise.[90] In a most uncanny parallel, the Bush administration responded to the Soviet proposal with a call for aerial overflight inspections of the territory of the two sides: a latter-day Open Skies, explicitly described as such.[91] In 1955 the possibility of Soviet acceptance of the verification procedures proposed by the West led Secretary Dulles to wonder whether the United States would have to reject its own proposals rather than allow Soviet inspectors extensive access to U.S. military facilities.[92] Soviet willingness since the late 1980s to countenance intrusive on-site inspection to secure arms limitations has again led some in the U.S. national security community to get cold feet on the question of verification.[93]

One promising difference between the current situation and that of the mid-1950s is that the U.S. has begun to take Soviet proposals seriously. Unlike the unilateral conventional reductions of the 1950s, for example, the cuts Gorbachev announced in December 1988 are widely interpreted to decrease Soviet military capability, especially for a short-warning attack.[94] Although President Bush has resisted Soviet calls for further nuclear reductions in Europe, he has put forward serious counterproposals on conventional forces, despite the reluctance of some sectors of the U.S. military.[95] If both sides pursue a compromise solution, the opportunity for lessening the burden of the arms race will not be lost as many argue it was in 1955.

Such historical parallels as these might by themselves justify undertaking a case study of the May 1955 disarmament proposal. Equally important, however, are the theoretical implications one can draw from the

[89] Thomas L. Friedman, "Gorbachev Hands a Surprised Baker an Arms Proposal," *New York Times*, May 12, 1989.

[90] *Ibid.*

[91] Maureen Dowd, "Bush Voices Hope on Sovet Change, but with Caution," *New York Times*, May 13, 1989.

[92] Memorandum, July 1, 1955 (fn. 64), 11.

[93] The U.S. Navy, in particular, has resisted intrusive verification to distinguish nuclear from conventional cruise missiles.

[94] U.S. House of Representatives, Committee on Armed Services, *Gorbachev's Force Reductions and the Restructuring of Soviet Forces*. Hearings before the Defense Policy Panel, May 10 and 14, 1989.

[95] For details of the proposals, see Chalmers Hardenbergh, ed., *The Arms Control Reporter* (Brookline, MA: Institute for Defense and Disarmament Studies, monthly compendium), supplements for 1989 and 1990.

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case. In particular, the case sheds light on the debate over Tit-for-Tat versus GRIT as strategies for achieving cooperation and over the nature of the Soviet-American arms race.

This study of the 1955 proposal supports the position that Prisoners' Dilemma is not always an accurate characterization of the superpower arms race. As Downs and Rocke point out, "Any single race that goes on for a significant length of time is probably best represented by an assortment of games."[96] The evidence from this case calls into question their assumption that the "Soviet Union during the 1950s" held preferences "that were more characteristic of the game Deadlock than of Prisoners' Dilemma." After Stalin's death in 1953 the Soviet leaders carried out unilateral reductions in conventional forces that they would have preferred to institute as part of a reciprocal agreement. In this sense they preferred unilateral "cooperation" over mutual defection. By contrast, the declassified documentary evidence presented here indicates that the U.S. preferred mutual defection over mutual cooperation, and was happy to see the USSR undertake unilateral restraint. It was the U.S. rather than the USSR that was playing Deadlock in the 1950s.

This study reinforces criticisms of game theoretic approaches that posit the state as a unitary actor. Both Gowa and Larson, for example, question a Tit-for-Tat strategy on those grounds. The 1955 case also suggests that Downs et al. are right to emphasize that internal preferences for arming (whether for bureaucratic and economic reasons, or out of a commitment to superiority) can shift a state's preferences from Prisoners' Dilemma to Deadlock.[97] Such internal preferences for arming, especially on the part of the Joint Chiefs of Staff and the Atomic Energy Commission, seemed especially to characterize U.S. policy in the 1950s.

This case supports the importance of a "second-image" analysis of arms races—one that pays attention to such substate actors as the JCS and the AEC; but it calls into question the emphasis that proponents of GRIT place on "first-image" factors, that is, individual cognitive psychological impediments to cooperation. The now-standard example of such misperception leading to defection is the attitude of John Foster Dulles toward the Soviet Union. Analysts as different in methodological approach as Larson and Downs have accepted Ole Holsti's contention that Dulles misperceived Soviet interest in cooperative efforts to slow the arms race because his ideological preconceptions prevented him from

[96] George W. Downs and David M. Rocke, "Tacit Bargaining and Arms Control," *World Politics* 39 (April 1987), 297–325, at 301.
[97] Downs et al. (fn. 10), 122–23.

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objectively interpreting Soviet actions.[98] As Downs and Rocke write, "One can scarcely imagine what set of conciliatory gestures could have convinced John Foster Dulles that the Soviets were interested in genuine detente in 1956."[99] Yet, based on the declassified notes from NSC meetings, we now know that Dulles already in 1955 recognized that the Soviets had, in his words, "effected a complete alteration of their policy" and were genuinely interested in improving relations and curbing the arms race. Indeed, he predicted that the "Iron Curtain is going to disappear. In the future there will be no more sharp line between the free world and the Soviet bloc."[100] Although Holsti is right to argue that Dulles explained the Soviet shift in policy as a result of internal (and imperial) economic difficulties,[101] that does not mean that the secretary of state dismissed the shift as insignificant or that he was totally against any U.S. reciprocation of Soviet gestures.[102]

The main opposition to reciprocation and cooperation came primarily from the military. During the 1950s the Joint Chiefs of Staff and, to some extent, the Atomic Energy Commission exercised effective veto power over U.S. disarmament policy. Their efforts were most evident in the internal U.S. debate over the merits of a nuclear test ban. Eisenhower seemed strongly inclined to accept the Soviet offer to negotiate a ban, but his efforts to achieve a test ban treaty were thwarted by opposition from the JCS and the nuclear weapons laboratories. Eisenhower deferred to their concerns about verifiability, even though he thought they were exaggerated.[103] An interesting counterpoint is President Kennedy's successful effort to get the Joint Chiefs (and the AEC) to approve the Limited Test Ban Treaty in 1963, despite their last-minute objections.[104]

If we accept the influence of internal, domestic "second-image" factors on the prospects for Soviet-American security cooperation, we still need to understand the conditions under which such factors impede or enhance the likelihood of agreement. Why are the Joint Chiefs of Staff able at some points to exercise veto power over disarmament agreements and

[98] Larson (fn. 9), 36–39; Downs et al. (fn. 10), 136–37.

[99] Downs and Rocke (fn. 96), 305.

[100] Memorandum, May 20, 1955 (fn. 71), 7–9.

[101] Holsti (fn. 84), esp. 66–69.

[102] For example, contrast Dulles's views with those of the Defense Department in Memorandum of July 1, 1955 (fn. 64), 5–7, and Annex A of memorandum from T. B. Koons, April 22, 1955 (fn. 59).

[103] Robert A. Divine, *Blowing on the Wind: The Nuclear Test Ban Debate, 1954–1960* (New York: Oxford University Press, 1978).

[104] Glenn T. Seaborg, with Benjamin S. Loeb, *Kennedy, Khrushchev, and the Test Ban* (Berkeley: University of California Press, 1981), esp. 228–29.

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at other times not? On the Soviet side, does economic stringency and the prospect of falling further behind in the arms race always lead to initiatives aimed at reducing international tensions, or must there be a coalition in power that favors such initiatives for other reasons?[105] It may be possible to relate such questions systematically to game theoretic metaphors, if that seems useful. We may seek, for example, to identify not only the conditions under which a particular game—for example, Deadlock versus Prisoners' Dilemma—reflects a given interaction but also the conditions under which a particular strategy—say, Tit-for-Tat versus GRIT—will succeed or fail. It may be that certain domestic configurations or coalitions are more likely to initiate GRIT strategies, whereas others will at best respond to a cooperative Tit-for-Tat move, and yet others will under no circumstances reciprocate a cooperative gesture. Perhaps the most promising approach for future research in this area of international relations is to try to relate game theory metaphors to the actual dynamics of domestic political determinants of foreign policy.[106] Such an approach would serve both "to investigate the empirical correctness" of game theory's analytical predictions[107] and to evaluate the theory's usefulness for understanding the sources of and barriers to international security cooperation.[108]

[105] For an insightful analysis of the domestic determinants of Soviet policy, see Jack Snyder, "The Gorbachev Revolution: A Waning of Soviet Expansionism?" *International Security* 12 (Winter 1987–1988), 93–131.

[106] Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988), 427–60; Robert Axelrod, "The Gamma Paradigm for Studying the Domestic Influence on Foreign Policy" (Paper presented at the 1987 Annual Meeting of the International Studies Association, Washington, DC). For an interesting study of Soviet policy that draws on game theory, see Christer Jönsson, *Soviet Bargaining Behavior: The Nuclear Test Ban Case* (New York: Columbia University Press, 1979).

[107] As recommended, e.g., by Duncan Snidal, "The Game *Theory* of International Politics," *World Politics* 38 (October 1985), 25–57, at 26–27.

[108] For a review of theories relevant to security cooperation and a preliminary empirical assessment, see Matthew Evangelista, "Sources of Moderation in Soviet Security Policy," in Philip Tetlock et al., *Behavior, Society, and Nuclear War*, vol. 2 (New York: Oxford University Press, forthcoming).

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HIGH POLITICS IS LOW POLITICS
The Domestic and Systemic Sources of Israeli Security Policy, 1967–1977

By MICHAEL BARNETT*

THE recognition that the state is situated in both domestic and international structures has been unevenly recognized in the international relations literature. It is most evident in the literature on the international political economy in general and on foreign economic policy in particular. Since the late 1970s, from Katzenstein's seminal work to the recent special issue in *International Organization*, we have seen an increased appreciation of how the state's foreign economic policies are conditioned by both systemic and societal forces.[1] Thus, explanations of foreign economic policy have steadily modified their systemic biases and advanced more nuanced versions of the state and its societal context in both its theoretical and its empirical dimensions. There is an explicit recognition of the inability of either level of analysis alone to explain the state's foreign economic policy.

Although these recent contributions to foreign economic policy have demonstrated a greater interest in integrating systemic and state-society relations, this integration is largely missing from theoretical treatments of security policy. This view is supported by Nye and Lynn-Jones, who observed in a recent review of the security literature that "the interaction between domestic politics and security affairs has been overlooked by most analysts in the international security field."[2] Lawrence Freedman writes:

> Neglecting the domestic dimension of security policy leads to a forgetfulness of the extent to which the people taking critical decisions also spend much of their time worrying about the levels of taxation, competing de-

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[1] Peter Katzenstein, ed., *Between Power and Plenty* (Madison: University of Wisconsin Press, 1978), and G. John Ikenberry et al., eds., *International Organization* 42 (Winter 1988).

[2] Joseph S. Nye, Jr., and Sean Lynn-Jones, "International Security Studies: A Report of a Conference on the State of the Field," *International Security* 12 (Spring 1988), 5–27, at 24.

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> mands on public expenditure, promoting their personal and party images, getting re-elected, and so on. As a result, policy options which might be perfectly reasonable within some narrow security framework turn out to be wholly unrealistic in terms of the actual freedom of manoeuvre available to those responsible for taking the decisions.[3]

Because the state sits at the nexus of the international and the domestic, it is important that our theories recognize that its security policies are a product of its dual responsibilities.

One way of linking the systemic and the domestic in the state's security policy is to recognize that security policy is itself two-faced: it is concerned with the construction of strategies vis-à-vis foreign threats *and* with the construction of strategies for mobilizing societal resources as well. Among political scientists, the former has received much more attention than the latter.[4] This study redresses this imbalance. It examines the political economy of the state's mobilization of resources for national security in capitalist societies and focuses on the domestic features that shape the state's ability to mobilize these resources.[5] I shall demonstrate

[3] Freedman, *The Price of Peace: Living with the Nuclear Dilemma* (New York: Henry Holt, 1986), 7.

[4] A recent review of the literature on the domestic foundations of war notes that "it is difficult to read both the theoretical literature in political science on the causes of war and historians' case studies of the origins of particular wars without being struck by the difference in their respective evaluation of the importance of domestic political factors." Jack Levy, "Domestic Politics and War," *Journal of Interdisciplinary History* 18 (Spring 1988), 653–73. Much the same can be said of the domestic foundations of security mobilization. While theoretically oriented political scientists have failed to integrate the friction that ensues between the state and societal actors for control over security-related inputs, there are numerous historical accounts that recognize its importance. See, for example, Charles Tilly, "Reflections on the History of European State-Making," in Tilly, ed., *The Formation of the National States in Western Europe* (Princeton: Princeton University Press, 1975), 3–83; Michael Howard, *War in European History* (New York: Oxford University Press, 1976); Alan Milward, *War, Economy, and Society* (Berkeley: University of California Press, 1979); William McNeill, *Pursuit of Power: Technology, Armed Forces, and Society since A.D. 1000* (Chicago: University of Chicago Press, 1982); Jurgen Kocka, *Facing Total War* (Cambridge: Harvard University Press, 1985); John Godfrey, *French Capitalism at War: Industrial Policy and Bureaucracy, 1914–1918* (New York: St. Martin's Press, 1987). Furthermore, many case studies and overviews of the evolution of the U.S. national security doctrine have addressed state-society relations. Arthur Stein, "Strategy as Politics, Politics as Strategy: Domestic Debates, Statecraft, and Star Wars," in Roman Kolkowicz, ed., *The Logic of Nuclear Terror* (Boston: Allen & Unwin, 1987), 186–210; Richard Smoke, *Nuclear Strategy and the Nuclear Dilemma*, 2d ed. (New York: Addison-Wesley, 1987); Robert Pollard, *Economic Security and the Origins of the Cold War, 1945–1950* (New York: Columbia University Press, 1985), 228–30; and especially John Lewis Gaddis, *Strategies of Containment* (New York: Oxford University Press, 1982). Although these studies are not explicitly concerned with theorizing about the nature of these constraints, such constraints are assumed to exist and are addressed where deemed appropriate.

[5] There have been various calls for greater attention to this neglected factor of national power. See Barbara Haskell, "Access to Society: A Neglected Dimension of State Power," *International Organization* 34 (Winter 1980), 89–120; Alan Lamborn, "Power and the Politics of Extraction," *International Studies Quarterly* 27 (June 1983), 125–46; Martin Shaw and Colin

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the importance of this approach by developing a framework for investigating the state's war preparation strategies in capitalist societies and applying it to the case of Israel's security mobilization policy between 1967 and 1977.

Previous Approaches to the Mobilization of Security Resources

Numerous theoretical traditions have been concerned with the military potential of states. This attention, however, has typically been directed either at systemic forces or, alternatively, at the economic foundations of war and security mobilization. In either case the *political* dimension of the state's mobilization of national security resources is often ignored. The three traditions briefly reviewed below—power politics, economic nationalist, and Marxist—have all slighted the role of state-society relations in shaping the mobilization policies of states.

Power politics approaches to security policy focus on how the state's pursuit of military power and war-fighting potential is shaped by systemic forces. This gives explanatory primacy to the state's interaction with other self-interested actors in the international system. Consequently, the implicit assumption is that "high politics," a state's security relationship with other states in the international system, is autonomous and therefore distinct from "low politics," societal pressures, and the domestic political economy. These studies almost uniformly assume that the domestic political economy and national security issues are separate and distinct spheres.

This systemic and state-centric bias is most evident in neo-Realism, which assumes that a country's material resources define the state's power in the international system and makes the problematic assumption that these societal resources can be mobilized in a frictionless manner. This is consistent with the neo-Realist (but not necessarily classical Realist) conflation of the properties of the state and those of the country.[6]

Creighton, "Introduction," in Shaw and Creighton, eds., *The Sociology of War and Peace* (New York: Sheridan House, 1987), 1–13.

[6] Kenneth Waltz, *A Theory of International Politics* (New York: Addison-Wesley, 1979). Waltz concedes that societal variables shape the state's military potential, but he downplays the importance of this insight. Richard Ashley's distinction between practical and technical Realists is useful here. "Political Realism and Human Interests," *International Studies Quarterly* 25 (June 1981), 204–36. Whereas "technical" Realists such as Waltz have failed to incorporate state-society relations adequately, many "practical" Realists have concerned themselves with the societal dimension, notably, Klaus Knorr, *The War Potential of Nations* (Princeton: Princeton University Press, 1956), and *Power and Wealth: The Political Economy of International Power* (New York: Basic Books, 1973); Klaus Knorr and Frank Traeger, eds., *Economic Issues and National Security* (Lawrence: University of Kansas Press, 1977); and

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Neo-Realists assume that domestic resources and a diversified economy are important determinants of military power, and they recognize the difference between actual and realized power. But they leave unexamined the question of how these resources are mobilized. They tend to assume that society's wealth and resources are willingly handed over to the state, an assumption that is inherently problematic, since neo-Realists are usually concerned with capitalist countries, in which control over economic resources is institutionally divorced from political power.

I would argue that these societal constraints are profoundly important for constructing a full explanation of the state's security policy. Stephen Walt's explanation for the Egyptian and the Israeli alliances with the Soviet Union and the United States, respectively, relies principally on the role of systemic factors. Yet in both cases an important, if not primary, motivational basis for seeking an alliance was the role of societal pressures and constraints.[7] Robert Gilpin, concerned with international conflict and hegemonic decline, does integrate some state-society concerns into his analysis, but his attention to these issues is cursory and tangential to his larger concerns.[8] Although some neo-Realists have steadily modified their systemic biases to incorporate state-society relations in their examination of the state's foreign economic policy, these insights have generally not permeated security studies.[9]

Hans Morgenthau, *Politics among Nations*, 5th ed. (New York: Alfred A. Knopf, 1978). Samuel Huntington began his classic *The Common Defense* (New York: Columbia University Press, 1961), 1, on the following note: "The most distinctive, the most fascinating, and the most troublesome aspect of military policy is its Janus-like quality. Indeed, military policy not only faces in two directions, it lives in two worlds. One is international politics, the world of balance of power. . . . The other world is domestic politics, the world of interest groups. . . . The currency here is the resources of society." Despite the welcome attention given by "practical" Realists to the societal bases of the state's military policy, they have not put forward any coherent framework for understanding the societal constraints on security mobilization. A.F.K. Organski and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980), develop a systematic treatment of the relationship between the state's relationship to society and war-fighting capacity; however, the approach fails to account adequately for the multiple objectives of government officials and to specify the exact nature of the societal constraints.

[7] Walt, *The Origin of Alliances* (Princeton: Princeton University Press, 1987). For the Egyptian case, see Raymond Baker, *Egypt's Uncertain Revolution under Nasser and Sadat* (Cambridge: Harvard University Press, 1978), 44.

[8] Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981). Note that Gilpin, in "Economic Interdependence and National Security in Historical Perspective," in Knorr and Traeger (fn. 6), integrates societal concerns in a more systematic way.

[9] Although some may object to this characterization of the "systemic" tradition and point to those studies that include in their analyses forms of the state for the formulation of the security doctrine or crisis politics, these studies isolate the decision process within the state and essentially ignore state-society relations. See Morton Halperin, *Bureaucratic Politics and Foreign Policy* (Washington: Brookings Institution, 1974), and Graham Allison, *Essence of Decision* (Boston: Little, Brown, 1971), respectively.

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A second, related tradition is the well-established and recently burgeoning literature on the economic foundations of war.[10] Although economic nationalism is more attentive than is neo-Realism to the relationship between political economy and national security, it also tends toward a vision of the state as an autonomous entity, separate from society.[11] For instance, Paul Kennedy is highly instructive about the economic requisites for the state's ability to wage war and about how the state's security policies can undercut its economic base, but he has left undertheorized *how* the state mobilizes domestic resources given the societal constraints on its actions. Similarly, he interprets Reagan's security policies as an instance of "imperial overstretch" but does not analyze why Reagan's mobilization strategy took the form that it did.[12] Although some of the more sustained and insightful critiques of Kennedy's work have argued that Reagan's security policies need not have led to chronic budget deficits, they have failed to advance a more theoretically informed understanding of the societal context that produced these particular fiscal policies. While correct in arguing that these defense strategies are the product of political, and not necessarily economic, forces, these critiques have not placed these mobilization strategies in a more generalized political context.[13] Although the state's mobilization strategies are highly dependent on an array of political and economic factors, economic nationalists have yet to present a more nuanced theoretical understanding of how societal constraints shape the state's war mobilization capacities and strategies.

If neo-Realists and economic nationalists can be criticized for creating an autonomous state, Marxist scholarship commits the opposite mistake in granting the state little if any autonomy in relation to domestic society. Although Marx and Engels did not integrate the role of internatinal conflict into their theories of capitalist development, later Marxists consid-

[10] See, for example, Jacob Viner, "Power versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," *World Politics* 1 (October 1948), 1–29; E. H. Carr, *The Twenty Years Crisis, 1919–1939* (New York: Harper & Row, 1964); Robert Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987); Paul Kennedy, *The Rise and Decline of the Great Powers* (New York: Random House, 1987). Also see Karen Rasler and William Thompson, "Warmaking and Statemaking: Governmental Expenditures, Tax Revenues, and Global Wars," *American Political Science Review* 79 (June 1985), 491–507, and Joshua Goldstein, *Long Cycles* (New Haven: Yale University Press, 1988), for other traditions that link political economy and national security.

[11] This is one of the central points in Stephen Krasner, *In Defense of the National Interest* (Princeton: Princeton University Press, 1978). Also see Gilpin (fn. 10).

[12] Kennedy (fn. 10).

[13] Cf. Aaron L. Friedberg, "The Political Economy of American Strategy," *World Politics* 41 (April 1989), 381–406. The societal dimension is also overlooked by such distinguished sociologists as Immanuel Wallerstein, Michael Mann, and Anthony Giddens in a review symposium of Kennedy's book, *British Journal of Sociology* 40 (June 1989), 328–40.

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ered military expenditures and capitalism as necessarily related.[14] Rosa Luxemburg, for instance, argued that because of the tendency of capitalist societies to undergo crises of underconsumption, the state had to absorb excess supply through defense expenditure.[15] These early Marxist contributions assume that the capitalist class has direct access to the state and that the state has direct access to society, thus minimizing the constraints on the state's mobilization of resources. More recent Marxist thinking has remained true to this tradition. Mandel provides a nice discussion of "war potential," which translates roughly into the state's ability to manufacture the means of warfare but ignores the potential constraints on the state's access to societally controlled production.[16] There are two problems here. First, although the state is situated within a domestic political economy, the constraints on the state's mobilization of resources remain unexamined. This is probably due to the tendency to employ a quasi-instrumentalist interpretation of the state. Second, the state's "legitimate" security concerns are systematically ignored and are treated as merely functional for more important and fundamental processes of reproducing the capitalist mode of production.[17]

These diverse theoretical approaches to national security are unified by their relative inattention to the question of how states mobilize resources for national security. This question is crucial because the state's ability to project its military power is dependent on its competence at mobilizing the requisite resources, henceforth referred to as "war preparation."[18] As Huntington suggests, the "currency here is men, money,

[14] For broad overviews of Marxist approaches to international conflict and military strategy, see Bernard Semmel, *Marxism and the Science of War* (New York: Oxford University Press, 1981); Sigmund Neumann and Mark van Hagen, "Engels and Marx on Revolution, War, and Army in Society," in Peter Paret, ed., *Makers of Modern Strategy* (Princeton: Princeton University Press, 1986), 262–80. Also see Rosa Luxemburg, *The Accumulation of Capital* (New York: Routledge & Kegan Paul, 1963); V. I. Lenin, *Imperialism: The Highest Stage of Capitalism* (Moscow: Progress Press, 1968); Nikolai Bukharin, *Imperialism and the World Economy* (New York: Monthly Review Press, 1972).

[15] Luxemburg (fn. 14), 454–67.

[16] Ernest Mandel, *The Meaning of the Second World War* (London: New Left Books, 1986).

[17] Mary Kaldor, "Warfare and Capitalism," in E. P. Thompson et al., eds., *Exterminism and Cold War* (London: New Left Books, 1983), 261–88, attempts to address these concerns and oversights. Also see Martin Shaw, "War and Social Theory," in Shaw, ed., *War, State, and Society* (New York: St. Martin's Press, 1984), 1–22, which laments the lack of adequate theorizing by Marxist scholars on the relationship between war and society.

[18] "War preparation" can be measured by the "defense burden," that is, military expenditure as a percentage of the country's budget, including the amount of total unilateral transfers minus that amount earmarked for defense purposes. This reflects the priorities of state managers; it also indicates the amount of available resources that is diverted to national security expenditures and is therefore unavailable for other types of social spending. See Eitan Berglas, "Defense and Economy," in Y. Ben-Porath, ed., *The Israeli Economy* (Cambridge: Harvard University Press, 1986), 173–75.

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and material."[19] First, the state must extract revenue in order to pay for its consumption of military resources. Second, it must guarantee the provision of war matériel, from supplies, clothing, and food to the actual instruments of warfare. And third, it must mobilize the necessary manpower. And because the state must negotiate with domestic actors for access to these societally controlled resources, our attention is directed toward state-society relations, that is, toward the process by which the state attempts to mobilize these resources. Thus, when the state participates in foreign conflict, it engages in two kinds of battles: the defense of the country's borders against foreign adversaries and the struggle with society for access to its desired resources. Consequently, the state's war preparation strategies are a function of both its objectives in the international and domestic arenas and the socioeconomic constraints on its actions.

My argument is organized in the following fashion. Section I presents (1) an exploratory framework for investigating the international and domestic determinants of the state's war preparation strategy and (2) a set of war preparation strategies that are dependent upon the government's objectives and its environmental context. Section II then applies this framework to an empirical examination of Israeli war preparation strategies between 1967 and 1977. I conclude with some observations for the future study of security policy and its relationship to the state and the domestic political economy.

A Framework for Investigating the State's War Preparation Strategies

The framework for investigating the war preparation strategies of the state in capitalist societies consists of three elements. It begins with some assumptions concerning the state's preferences. These preferences cannot be pursued in a frictionless manner; rather, they are subject to important societal constraints. The decision context, the second element, identifies the structural properties of state-society relations that circumscribe the policy choices available to decision makers. The interaction of the state's preferences and the decision context produces the third element of the framework, the mobilization strategies of governmental officials. These war preparation strategies are viewed as strategic *choices*, designed to mollify or reconcile conflicting objectives within a specific domestic and international context.

[19] Huntington (fn. 6), 1.

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State Preferences

Although I posit a set of state preferences, I am not asserting that all states conform to these imputed objectives. Instead, I want to argue that *if* the state were to operate with these preferences, then in a particular environmental context certain war preparation strategies would be likely to follow.

Since the state is situated in both domestic and international structures, its objectives and policies reflect this dual orientation. At the most fundamental level, then, the state must be attentive to its reproductive conditions, its survival, in both the domestic and the international realms, with the result that the government would have at least two objectives. The first is war preparation—the government's mobilization of matériel and human resources in order to be prepared to undertake interstate war. Although war preparation may be a critical objective of government, even *the* critical objective, it is not the only goal, for leaders are not so myopic. The second objective is political stability, the insulation of the government from would-be domestic challengers. This political concern has two dimensions for the state in the capitalist context. On the one hand, the state must encourage business confidence; on the other hand, it must remain attentive to its coalitional basis, which extends beyond the capitalist class to include other societal groups as well. Therefore, the state values both war preparation and political stability. Because the state is attempting to mobilize *material* resources, a corollary of these objectives is that state managers will promote an environment conducive to economic growth. Such growth provides an important basis for the creation of societal wealth and may then be available to the government for its primary objectives of war preparation and political stability.

There are possible costs associated with the pursuit of each of these goals. For instance, war preparation usually entails increasing extraction. Extraction that increases too much could trigger societal protest if certain groups felt themselves to be unfairly burdened. Alternatively, a state that values its political basis more than it does its security goals may subvert its ability to prepare for war adequately. While there are limits to the state's ability to pursue both political stability and war preparation simultaneously without a negative impact, mobilization activity will not automatically challenge the state's political viability. In fact, substantial political costs can also be generated if the government is perceived by society to be lax about national security. For example, the Egyptian government after the Six-Day War and the Israeli government after the Yom Kippur War each faced a society that deemed that the government had shirked its duty as the guardian of the national interest. State man-

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agers, then, must often choose between potentially conflicting objectives. Therefore, let us assume that while initially modest levels of war preparation activities will have a negligible impact on the state's political fortunes, more intensified activities can carry substantially higher political costs. And finally let us assume that the state prefers political stability to war preparation. While remaining attentive to the requirements of the state's existence in the interstate system, state managers concern themselves first and last with their domestic political viability.

The consideration here is whether a government would continue to increase societal extraction for war even at the risk of its own political survival. Although this is an empirical issue that cannot be settled definitively here, it is reasonable to assume in the contemporary era when wars of annihilation are rare if not nonexistent that few leaders would knowingly continue to prosecute a war at the risk of exposing themselves to societal insurrection. This assumption is observed in the recent Iran-Iraq War. Leaders of both countries privileged domestic politics over the prosecution of the war, "epitomized by the [Iranian] slogan 'Revolution before victory.' Indeed the war became an extension of the domestic power rivalry, to which arming, structure, strategy, and the conduct of the military was subordinated."[20] In fact, Khomeini's policy reversal and decision to accept a negotiated solution in principle is largely attributed to the probability of domestic turbulence because of the political and economic costs associated with the eight-year conflict.

In summary, the state's war preparation strategies are partially shaped by two objectives, which are compatible at lower levels of war preparation activity but may potentially conflict at more intensified levels. When its goals conflict, the state will opt to preserve domestic tranquillity over war preparation.

Decision Context

The decision context structures the range of governmental policies available for extracting revenue, directing production, and raising armies for war; it thereby shapes the actual strategies adopted by state managers. Although there are many environmental factors that can impinge on the state's actions, the relevant decision context is dependent on whether the state is attempting to mobilize financial, productive, or human resources; that is, the state's mobilization capabilities are policy-dependent.

Four elements of the relationship between the state and society are

[20] Shahrom Chubin and Charles Tripp, *Iran and Iraq at War* (London: I. B. Tauris, 1988), 37.

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particularly relevant. First, because I am discussing the state's war preparation strategies in capitalist societies, the state's relationship to the capitalist class will be an important constraining feature, regardless of the type of material resource the state is attempting to mobilize. This is so because "under capitalism all governments must respect and protect the essential claims of those who own the productive wealth of society. Capitalists are endowed with public power, power which no formal institution can overcome."[21] The economic decisions of capitalists shape the possibilities for continued economic growth, society's consumption opportunities, and the state's tax base, and too determined a challenge by the state might upset the economic sensitivities of the capitalist class, thereby jeopardizing these fundamental objectives of state policy. I assume, therefore, that the state's war preparation strategies will always initially exempt, or place only a light burden on, the capitalist class.

The second aspect of the decision context is the state's capacity, the institutional "capacity to actually penetrate civil society, and to implement logically political decisions through that realm."[22] This is most important when examining the state's ability to mobilize financial resources. The third aspect is the economic structure, which identifies the possibility of domestic military production. Finally, the state's legitimacy affects its conscription policy. Below I elaborate how these four dimensions of the decision context structure the financial, production, and conscription policies available to government officials.

FINANCIAL POLICY

The state's financial policy is shaped by both the underlying distribution of societal power and the state's institutional capacities that enable it to penetrate, extract from, and monitor society. Because the state is institutionally separated from organized production, it does not produce its own source of revenue. Therefore, all state managers must be attentive to and are constrained by the flow of resources upon which the deployment of the state's means depends. The state's ability either to develop alternative sources of financial means or to loosen its dependence on the capitalist class substantially increases its autonomy. This independence may come from the acquisition of foreign loans, which might give the state an additional instrument of control over society, or it may come from a fiscal crisis of the state, which might compel the state to devise

[21] Adam Przeworski and Michael Wallerstein, "The Structural Dependence of the State on Capital," *American Political Science Review* 82 (March 1988), 11–29, at 11.

[22] Michael Mann, "The Autonomous Power of the State: Its Origins, Mechanisms, and Results," in Mann, *State, War, and Capitalism* (New York: Basil Blackwell, 1988), 1–32.

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new fiscal strategies. As Stallings argues, "The sufficient condition [for relative state autonomy] is resources."[23] Those states with high capacity have an array of policy instruments, including both indirect and direct methods, that enable the government to extract domestic revenue. In contrast, those states with little institutional capacity tend to utilize indirect methods.[24]

PRODUCTION POLICY

The state's mobilization of war matériel is constrained by the country's economic structure and the private control of production. The economic structure is commonly understood as incorporating the "profile" of the country's production of goods and services. This is particularly important for determining the possibility of domestic arms production, since this is closely connnected to the size and sophistication of the economy.[25] It is not coincidental, then, that those countries that have achieved self-sufficiency in the production of most major weapons systems, notably West Germany, France, Britain, the Soviet Union, the United States, and, to a lesser extent, Brazil and India, are the same countries that also have a large GNP, an expansive industrial base, and numerous high-technology industries. Many Third World leaders have professed a desire to achieve independent arms production and thereby increase their autonomy, but their efforts have been frustrated by a lack of appropriate technology, an insufficient industrial base, and the inability to achieve the desired economies of scale.[26]

Even the presence of the necessary industrial and technological infra-

[23] Barbara Stallings, "International Lending and the Relative Autonomy of the State: A Case Study of Twentieth-Century Peru," *Politics and Society* 14, No. 3 (1985), 257–88, at 260.

[24] Although states may pursue any number of fiscal strategies, including letting public structures depreciate, assets deplete, and consumption diminish, "the principal means were nonetheless taxation and borrowing." Charles Kindleberger, *A Financial History of Western Europe* (New York: George Allen & Unwin, 1984), 292.

[25] Stephanie Neuman, "International Stratification and Third World Military Industries," *International Organization* 38 (Winter 1984), 167–97, at 185; Herbert Wulf, "Developing Countries," in Nicole Ball and Milton Leitenberg, eds., *Structure of Defense Industries: An International Survey* (New York: St. Martin's Press, 1983); Nicole Ball, *Security and Economy in the Third World* (Princeton: Princeton University Press, 1988).

[26] Although some major international conflicts have been successfully fought without the use of the most advanced weaponry, most notably the North Vietnamese campaign against the United States and most recently Chad's conflict with Libya, such instances are rare. The possibility for low-technology warfare has lead Wulf as well as Park and Park to argue for "self-reliant defense" that is premised on mass mobilization. Herbert Wulf, "Dependent Militarism in the Periphery and Possible Alternative Concepts," in Stephanie Neuman and Robert Harkavy, eds., *Arms Transfers in the Modern World* (New York: Praeger Press, 1979), 259, and Hans Park and Kyung Park, "Ideology and Security: Self-Reliance in China and North Korea," in Edward Azar and Chung-in Moon, eds., *National Security in the Third World* (Aldershot, Hants, England: Edward Elgar Publishers, 1988), 102–35.

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structure does not provide the state with access to its required war matériel from domestic sources since the means of production are controlled by private actors. This societal constraint on the state's access to military production is an important but often overlooked feature of many Marxist and non-Marxist explanations of the state's war production policy.[27] As with fiscal policy, the government in capitalist societies, which is institutionally divorced from the economy, must not only remain sensitive to how its policies affect business interests but must also negotiate with and encourage them to act in a manner that serves the state's aims.

CONSCRIPTION POLICY

The final requirement for war preparation is the raising of armies. The state's conscription policy is shaped by its legitimacy and its autonomy.[28] The state's legitimacy in the modern era is founded on the principle that the state's exercise of authority is derived, in spirit if not in practice, from societal participation, in which "legitimacy came to be attributed to the body of rules that governed the exercise of authority . . . and the political community is regarded as the sole normal creator."[29] Therefore, the state and its political institutions must have a strong societal basis in order to garner societal compliance with its policies.

In the modern era there tends to be a direct relationship between the state's legitimacy and its ability to conscript widely. As the modern nation-state's rule was premised on its adherence to constitutional principles that were informed by societal interests, the citizenry was viewed as having certain responsibilities and obligations to the state. One of the first areas in which this principle of mutual obligation was recognized was military service.[30] "The nation-state and the mass army appear together, the twin tokens of citizenship within territorially bounded political communities. . . . Military service emerged as a hallmark of citizenship and citizenship as the hallmark of a political democracy."[31]

[27] See Mandel (fn. 16), and Neuman (fn. 25), respectively.

[28] There are certainly a host of other variables that affect the state's conscription policy, including the societal attitude toward warfare. André Corvesier, *Armies and Societies in Europe, 1494–1789* (Bloomington: Indiana University Press, 1976), 15–16.

[29] Reinhard Bendix, *Max Weber: An Intellectual Portrait* (Berkeley: University of California Press, 1977), 418. Also see Max Weber, *Theory of Social and Economic Organization* (New York: Oxford University Press, 1947), 328.

[30] Michael Walzer, "Political Alienation and Military Service," in Walzer, ed., *Obligations: Essays in Disobedience* (Cambridge: Harvard University Press, 1970), 153–70. Even before the development of the modern nation-state, those European principalities that had a strong basis in society were able to enlist their populations for defense. See Henry Beukema, "The Social and Political Aspects of Conscription: Europe's Experience," in Martin Anderson, ed., *The Military Draft* (Stanford, CA: Hoover Institution Press, 1982), 479–91.

[31] Anthony Giddens, *The Nation State and Violence* (Berkeley: University of California Press), 233–34.

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Conversely, the same Third World states that are marked by scant legitimacy are also characterized by an avoidance of mass conscription and a reliance on an army drawn from those individuals who have demonstrated their loyalty to the state (either through kinship ties or patron-client relations).[32] Only when the state is firmly entrenched in society and its authority widely recognized can it conscript widely and permit the subordinate classes access to the instruments of coercion (and rebellion).[33] Universal conscription, then, is a fairly recent phenomenon and is itself a reflection of, and made possible by, the changing relationship between the state and society.

Even those states that have universal conscription typically exempt certain elements of their population. We see this in the development of the modern state. In feudal societies the military had generally been served by those who had demonstrated their loyalty to the state; it was a domain of the nobility. With the expansion of wealth associated with capitalist development (and also with warfare), there was a simultaneous explosion of revenue for the state, which enabled it to expand the size of the military on a permanent basis. Because the state depended on the emerging dominant classes for its revenue, it was possible for the bourgeoisie to escape military service, something they capitalized upon with vigor. For example, the impressive army developed by King Frederick William I of Prussia (1713–1740) "was organized with infinite care to impose the least possible strain on the fragile economy of his lands. The bourgeoisie, good fruitful taxpayers, did not serve at all. The ranks were recruited so far as possible from foreigners and peasants."[34] (The officers corps, however, continued to be drawn from the aristocracy and nobility.) Thus, in many countries the rise of capitalism initiated a trend in

[32] This feature of Third World militaries is largely due to the postcolonial character of these states. Not only is the state's lack of legitimacy attributable to its colonial heritage, but most colonial powers built local armies with those ethnic groups, very often deriving from minority groups, that would be responsive to colonial authorities. The policy was consistent with the authority's divide-and-rule strategy, which would have important consequences for shaping the conscription policy of the postcolonial state. Consequently, the colonial power generally balked at arming those elements of society that might use such knowledge and arms against them. Morris Janowitz, "Military Institutions and Citizenship in Western Europe," in Gwyn Haries-Jenkins and Jacques van Doorn, eds., *The Military and the Problem of Legitimacy* (Beverly Hills, CA: Sage, 1976), 127–30, and Alexander Wendt and Michael Barnett, "The International System and Third World Militarization" (Paper presented at the annual meeting of the American Political Science Association, Atlanta, September 1989).

[33] For example, Saddam Hussein attempted to instill a sense of nationality and increase the legitimacy of the Iraqi state in order to further his mobilization potential in the war against Iran. See Chubin and Tripp (fn. 20), 94. The importance of the state's legitimacy is not confined to the capitalist context but is also noted in socialist states. Park and Park contend that in China and North Korea "mass mobilization . . . is made possible by political indoctrination of the people with measures of ideological education" (fn. 26), 108.

[34] Howard (fn. 4), 69.

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which members of the capitalist class either were automatically exempt from or had certain avenues available (e.g., tax, duty, or educational status) that allowed them to avoid the obligation of military service.

In summary, the concept of the "decision context"—the range of policies available to the government—serves two functions in this analysis. It identifies the relevant constraints on the state's mobilization efforts, and it indicates the limits on the state's ability to mobilize domestic resources for national security.

State Strategies for War Preparation

As the state attempts to adjust to and cope with the increasing demands of national security, it is confronted not only by an external threat but also by the prospect that those policies designed to confront the external challenge may undercut its domestic support. Consequently, the state attempts to mobilize the required resources at a minimal political cost. As the government attempts to perform this balancing act, it can choose among three types of mobilizing strategies: accommodational, restructural, and international.[35] These broadly defined strategies identify not only the location of the resource (domestic or international) but also some of the potential political costs involved with each.[36] The intention here is to glean some insight into the probable policies of the state, as well as to be able to present some hypotheses about tendencies in Israeli war preparation strategies.

An *accommodational strategy* is defined as the reliance on, or making only modest changes in, already existing policy instruments. The heart of an accommodational strategy is that the state restricts its policy selection to those instruments that are presently contained in the state apparatus; thus, it adjusts its behavior to accommodate the present societal condition. An accommodational strategy preserves the routine; there are therefore likely to be few, if any, political costs to conducting policy as usual. The state will invariably begin with this type of strategy. Given the existence of increased national security pressures, however, it is unlikely that in the long run the state's needs will be met through accom-

[35] I assume that these strategies are noncomplementary; however, it is immediately apparent that the state's mobilization strategies will usually evidence a mix of these strategies. This is as true for the state's war preparation strategies as it is for its strategies of domestic adjustment to shocks from the international economy. Although this typology obviously distorts what actually occurs, it is useful for analytical simplification and generation of hypotheses.

[36] This discussion is somewhat analogous to the state's adjustment strategy to changes in the international economy. See G. John Ikenberry, *Reasons of State* (Ithaca, NY: Cornell University Press, 1988).

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modational measures. Most governments will consequently consider either a restructural or an international strategy.

A *restructural strategy* is one in which state managers attempt to restructure the present state-society compact in order to increase the societal contribution to the war effort. Because the state's intention is to impose the costs of war on society, its ability to do so is related to the domestic constraints that limit its choices. Ikenberry's general observation concerning the state's adjustment strategy to domestic shocks from the international economy is also relevant to the state's war preparation strategy:

> The more constrained the state is by its relations with its economy and society, the more it will emphasize international strategies of adjustment. States that find it difficult to impose costs on their domestic societies will be more inclined to seek international solutions. Conversely, states that have the capabilities to redeploy domestic resources and impose the costs of change on society will emphasize domestic offensive strategies.[37]

A restructural strategy typically follows one of two forms. The first is a "centralization" scenario, in which the state intervenes and increases its direct control over societal resources. This is observed, for instance, when the state inaugurates direct taxation, moves from the reliance on a mercenary force to a standing army, or nationalizes key economic sectors. The second type of restructural policy is more relevant to the state's material and financial needs; it involves the liberalization of parts of the economy for the purpose of unleashing market forces and thus increasing productive activity that will expand the country's material base. The state's ability either to liberalize or to centralize its control over society and economy, however, assumes that it is relatively unconstrained by its domestic context. In general, the more powerful a state is domestically the greater the emphasis it can give to a restructural solution.

Finally, a state that is highly constrained by its domestic context will be more favorably disposed toward an *international strategy*, which attempts to distribute the costs of war onto foreign actors. An international solution may be a formal or an informal alliance in which security cooperation exists between two or more states. In general, there is an incentive for the state to adopt an international strategy when it perceives that there are increasing costs to mobilizing additional societal resources for war perparation. This need not imply that the state is unwilling or unable to impose some of the costs of national security on society; rather, it may have an incentive to export the mounting costs of war preparation.

[37] *Ibid.*, 40.

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The obvious implication of this argument is that the state would seem to be automatically predisposed toward an international solution in order to supplement its pool of available resources. There are two considerations that temper this conclusion, however. The first is whether such external arrangements are available and, even if they are, whether they can satisfy the state's security requirements. Rarely is foreign assistance available in such quantities as to relieve the state from having to take any domestic actions. The second, more important issue concerns the costs attached to foreign arrangements. Almost invariably foreign assistance is accompanied by conditions and stipulations that place restrictions on the recipient's use of these borrowed resources. This may be particularly troublesome in the context of war preparation, since the recipient may be required to avoid those security-related policies that the aid donor views as contrary to its own foreign policy interests. This creates a paradox: whereas the recruitment of a foreign benefactor can increase the resources available for war preparation, these resources may be accompanied by restrictive conditions that undermine the very reason for which they were demanded in the first place. This was evident in Sadat's constant struggle with the Soviet Union over how and when he could use the imported Soviet equipment during the early 1970s (the Soviets were fearful that Sadat's actions toward the Israelis might undermine the Soviet policy of détente with the United States).

Moreover, the perception by society that the state has sacrificed its national autonomy to foreign actors, for example, through the presence of foreign troops, naval bases, and restrictive policies, can also generate substantial domestic opposition. Finally, foreign aid often just delays, rather than eliminates, the costs of war, thereby increasing the state's future obligation to foreign actors. Therefore, despite the compelling reasons for the state to opt for an international strategy, the problems associated with it provide a strong rationale for practices, such as military industrialization and neo-mercantilist economic policies, that increase the state's national autonomy and decrease its dependence on foreign actors.[38] In general, the availability of and conditions attached to foreign assistance will affect the state's propensity for a restructural solution; that is, if foreign aid is either unavailable or obtainable only with unacceptable conditions, the state will be more favorably disposed toward a restructural policy.

[38] The state's ability to rely on foreign actors is also dependent on the type of resource that is being mobilized. For instance, in the modern era foreign troops are rarely attainable, thereby necessitating the reliance on domestic manpower. Alternatively, because there are numerous arms producers and merchants, the state may more easily depend on foreign suppliers for its immediate needs and not be compelled to intervene in the domestic economy.

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Thus far I have argued that the decision context establishes the possibility for, as well as the potential costs attached to, domestic intervention. The decision context alone, however, does not determine the direction of the state's energies, for it is precisely during periods of international conflict that the state has deviated from established procedures and implemented (what were once considered to be) controversial policies. An additional factor that will influence the state's movements is its legitimacy. A state with a high degree of legitimacy is better able to mobilize societal resources and thus better able to undertake a restructural strategy. This argument is closely associated with the vast literature on societal cohesion and with the general proposition that the threat of war produces a "rally around the flag" effect that increases the state's ability to adopt what would normally be contested policies.[39]

In summary, the state values both war preparation and political stability. Regardless of the decision context, the state's initial move is toward an accommodational strategy. Either unfulfilled security needs or societal protest will propel the state to consider either a restructural or an international policy. The state's preference for a restructural or an international solution is dependent on the decision context, availability of and conditions attached to foreign assistance, and the state's legitimacy. This conceptualization of the relationship between the decision context and the state's war preparation strategies assumes that the state is *enabled* to undertake certain sorts of actions and is disposed to act in certain directions, not that it necessarily will do so. There are a variety of reasons, including the anticipated objections of societal actors and the objectives of state managers, that might potentially dissuade a state from undertaking a policy that appears within its range of opportunities. For instance, even though the United States during the Vietnam War had a significant amount of institutional capacity and the ability to extract widely from society, President Johnson avoided the potential political costs associated with increased taxation and instead relied on large budget deficits that were financed by U.S. allies. Consequently, the state's preference for a restructural or an international solution cannot be decisively predicted

[39] See Edward Azar and Chung-in Moon, "Legitimacy, Integration, and Policy Capacity: The 'Software' Side of Third World National Security," in Azar and Moon (fn. 26), 81, and Klaus Knorr, *The War Potential of Nations* (Princeton: Princeton University Press, 1956). The importance of propagating the state's legitimacy in order to mobilize greater amounts of resources is observed in the cases of Israel, North Korea, and Iraq. See Avner Yaniv, "National Security and Nation-Building," *International Interactions* 11, No. 2 (1984), 193–217; Park and Park (fn. 26); and Chubin and Tripp (fn. 20), respectively. See Art Stein, "Conflict and Cohesion: A Review of the Literature," *Journal of Conflict Resolution* 20 (March 1976), 143–72, and Jack Levy, "The Diversionary Theory of War: A Critique," in Manus Midlarsky, ed., *Handbook of War Studies* (Boston: Unwin Hyman, 1989), 257–86, for good reviews of the cohesion literature.

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acontextually. In general, the intention of this exploratory framework is to identify the important features of the domestic and international environment that make certain state actions either possible or prohibitive, and to outline the various factors that might propel state officials in particular directions.

The Israeli Case[40]

Most states are neither so omnipotent that they can rely solely on a restructural strategy nor so feeble that any penetration of society risks societal retribution, thus requiring an international strategy. Most states

[40] Israel represents a useful case study for the following reasons. First, the literature on Israel's security policy reproduces those scholarly biases that I noted earlier. For instance, Israel's wartime experiences and strategic policy have been a fertile testing ground and laboratory for many scholars of conflict behavior. Yet these studies have evidenced little explicit concern with how societal pressures have affected the state's mobilization of security-related resources. See, for example, Shai Feldman, *Israeli Nuclear Deterrence* (New York: Columbia University Press, 1982), and Louis René Beres, ed., *Security or Armageddon: Israel's Nuclear Strategy* (Lexington, MA: Lexington Books, 1986). Avner Yaniv's *Deterrence without the Bomb* (Lexington, MA: Lexington Books, 1987) discusses the importance of societal factors where immediately relevant, but these factors are decidedly secondary to his overriding strategic focus. I will demonstrate that the Israeli government's war preparation strategies were greatly affected by the domestic context and that this dimension provides a different explanation for various aspects of Israel's strategic behavior.

Second, given that this study represents a first effort at defining and approaching a research question, it makes sense to examine it in the context of an "exceptional case." Arend Lijphart, "Comparative Politics and the Comparative Method," *American Political Science Review* 65 (September 1971), 653–73. Because war preparation was particularly intense and vigorous during this decade, the researcher is in a privileged position to observe the various manifestations of the mobilization process.

Scholars have often objected to the use of Israel for comparative and theoretical purposes on the grounds of its historical uniqueness (though this never applied to its conflict behavior). I reject this common understanding and the exclusion of Israel from social scientific inquiry on the following grounds. (1) Israel's social-structural characteristics are not so unique that its exclusion from theorizing is self-evident. The comparability of the Israeli case has been affirmed by other scholars, who have noted its "late-industrializing," "developing," and "postcolonial" characteristics. See S. N. Eisenstadt, *The Transformation of Israeli Society* (London: Weidenfeld and Nicolson, 1985); Michael Shalev, *Labour and the Political Economy of Israel* (New York: Oxford University Press, 1989); and Joel Migdal, "The Crystallization of the State and the Struggle over Rulemaking: Israel in Comparative Perspective," in Baruch Kimmerling, ed., *Israeli State and Society: Boundaries and Frontiers* (Albany: State University of New York, 1988), 1–27. (2) For those who argue that the Israeli case is not generalizable because of its strategic relationship with the United States, I evoke Lijphart's "deviant case strategy," in which the case is selected in order to reveal why it is deviant, "that is, to uncover the relevant additional variables that were not considered previously, or to refine the (operational) definitions of some or all of the variables" (p. 692). In other words, Israel's decision to rely more heavily on the U.S. is *something to be explained, not assumed*. My contention is that situating Israel's war preparation strategies in its societal context can help to explain this deviance. In general, Israel represents a good example of a developing state attempting to mobilize scarce (and sometimes nonexistent) resources for national security while pursuing its other political and economic objectives. That it does not resemble all other developing countries does not deny Israel's appropriateness as a case study, although it does caution us about drawing sweeping generalizations from this one case.

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fall somewhere between these two extremes and have uneven mobilizing capacities that lead them to rely on their own efforts in one policy area and to depend on foreign actors in another. Such a bidirectional strategy is especially evident for Israel between 1967 and 1977, a period in which it participated in three separate wars and was consequently in a perpetual situation of war preparation.[41] I shall argue that the combination of the government's objectives and the enabling and constraining features of the decision context sent Israeli officials searching both internationally and domestically for their desired security resources.

Besides dealing with a tremendous security threat, Mapai, Israel's governing party, held two other core objectives. First, the party attempted to protect is political standing in an increasingly hostile electoral environment. Mapai's political popularity was becoming increasingly tenuous during this period, as its long-standing dominance began to reveal strains and cracks. (This process climaxed in the "revolution" of 1977, when Likud's Menachem Begin won control of the government.) Faced with these challenges, politically sensitive Israeli decision makers were wary of placing too great a security burden on society. The government's second objective was to promote an environment conducive to economic development. Although the 1967 war marked the end of a severe recession, the government was quite concerned about the economy's health and stability. In true neo-mercantilist fashion, it labored under the belief that a solid economic foundation was integral to national security.[42]

Tendencies in the Israeli government's war preparation activities can be more accurately gauged by examining features of the decision context that enabled and constrained its mobilizing capacities. It was enabled by the following properties. First, the government controlled a significant degree of production. Throughout this period Mapai was the guardian of public sector operations, as well as of the Histadrut, Israel's trade union and a principal owner of the means of production. This enabled the government to undertake its investment decisions with relative autonomy from societal actors.[43] Moreover, the private sector was relatively negligible[44] and limited to those sectors of the economy that were considered tangential to the needs of the Israeli state managers. Second, the Israeli state benefited from a high degree of domestic legitimacy and

[41] The share of defense in the gross national product rose from approximately 8% in 1965, to 25% in 1970, to 35% in 1977.

[42] Shimon Peres, *David's Sling* (London: Weidenfeld and Nicolson, 1970).

[43] Eisenstadt (fn. 40), 219.

[44] My contention is that Histadrut is best conceived as private capital, particularly as it became less responsive to state demands and its investment decisions were motivated by profit criteria. See Michael Shalev (fn. 40).

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experienced very few ethnic tensions and rivalries that openly challenged its authority. Third, the state's institutional capacity was exceptional when compared with that of other developing countries; indeed, it was comparable with that of many advanced industrialized countries. For instance, Israel's extractive capacity, a widely used indicator of the state's institutional strength, was roughly equivalent to that of the Canadian state and exceeded that of the Swiss state.[45] An area of restricted domestic opportunity, however, was arms production. Although the economy had developed rapidly since independence, it lacked the infrastructure needed to produce many of the high-technology weapons that were required in modern warfare.

The interaction of the Israeli government's objectives and its decision context might produce the following hypothesized war preparation strategies. Israel's production strategy was the only area that was almost certain to contain a strong international component, since the economic infrastructure was not immediately suited to the task of full-scale arms production. However, because of the tremendous security threat and the high degree of relative autonomy, government officials might be expected to deviate from their established arms-production policy. Because the state had a relatively high degree of autonomy and capacity, the government was positioned to construct its financial policy with little concern for how it might conflict with the private sector. Finally, the state should be able to conscript widely because it was viewed as highly legitimate by society.

Whether Israeli officials actually capitalized on these opportunities was dependent on the actions of societal actors, the objectives of state managers, and systemic openings. Although the state had a fair degree of access to society, an international posture might be more likely, since the U.S. strategic alliance following the 1967 war imposed relatively few strings and conditions.[46] In other words, the presence of both systemic opportunities and the additional domestic objectives of political survival and economic development might steer Israeli officials away from imposing too heavy a demand on society and toward a greater reliance on new alliance arrangements.

The following discussion will describe the rather interesting process

[45] Total taxes as a percentage of GNP were 26.0, 26.6, and 21.0 for the Israeli, Canadian, and Swiss states. Eitan Berglas, "An Empirical Evaluation of Israel's Income Tax, 1953–1965," in Pierre Uri, ed., *Israel and the Common Market* (London: George Weidenfeld and Nicolson, 1970), 69–130.

[46] See Stephen Spiegel, *The Other Arab-Israeli Conflict* (Chicago: University of Chicago Press, 1985), 158–65, for an analysis of the U.S. decision to commit to a strategic alliance with the Israelis following the 1967 war.

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whereby Israeli officials—motivated by the existence of a salient national security threat, political struggles, and new concerns for and attitudes toward development over the 1967–1977 period—capitalized on a "strong" Israeli state and moved to liberalize the economy. Their goal was to increase the material base, but, cognizant of their political future, they relied more heavily on the U.S. strategic alliance for much of their financial needs. I intend to demonstrate that this outcome was dependent on the objectives of state actors and the systemic and domestic context of their policy choice. I will examine the government's fiscal, production, and conscription policy, outlining the established practice in each area before 1967 and subsequent changes.

Fiscal Strategies

Before 1967 the Israeli government attempted to mobilize the resources necessary for meeting its objectives without jeopardizing its autonomy in the international sphere. The state maintained its financial autonomy through both external and internal resources. Although it may seem incongruous that financial independence was realized through external financing, the financial arrangement was indeed peculiar. There were two major external sources. First, world Jewry transferred a large amount of liquid capital through such methods as private donations and Independence Bonds. Moshe Zambar, an ex-governor of the Bank of Israel, claimed that "we always considered the Jewish people and Israel the same," so that unilateral transfers from world Jewry were seen as coming from "part of the family."[47] A significant amount of these transfers were delivered as grants and donations. The second external resource was West German reparations payments, which were owed to the victims and families of Nazi persecution but most of which were channeled through the state. The government was therefore freed from the demands of private actors on whom it might otherwise have been dependent for investment.[48]

Although Israel benefited from these tremendous unilateral transfers, such transfers alone could not adequately fund a state that simultaneously pursued welfare, warfare, and development. Consequently, there was heavy societal extraction as well. The tax burden was not dis-

[47] Moshe Zambar, interview with author, Tel Aviv, June 29, 1987.

[48] Although these unilateral transfers were legally restricted to financing development, they essentially freed more resources for defense. Zambar made the point that "legally all this money . . . was used for social development . . . while our domestic resources were used for defense. In reality it made little difference. If we got more money for development, we could just channel that much more for defense. . . . Money has no taste and no smell." *Ibid.*

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tributed evenly, however, for although the Israeli tax system is highly progressive, the tax burden fell most heavily on the middle-income classes. Lower-income groups, those intended to benefit from the welfare state, were excluded from payments. The expectation was that upper-income groups would contribute most, but tax evasion was widespread among those groups because they were employed primarily in the private sector and could therefore more easily evade taxation than could the middle classes. The latter dominated the ranks of the civil service, and the state could therefore more easily monitor their compliance. As a result, tax incidence was heaviest on the middle-income groups.[49] Indirect taxation, which has the advantage of being easier to collect at a lower cost, was avoided because it was perceived as affecting everyone (which ran counter to the government's promotion of egalitarian ideals and its role as protector of the working class).

The Six-Day War provoked a reexamination of the state's fiscal strategy, as national security became both more salient and more costly. Despite Israel's decisive victory, the war stimulated an intensified arms race and created security concerns throughout the captured territories. The state's initial financial strategy was accommodational; that is, during times of conflict it relied on the tried-and-true policies of increasing indirect and direct taxation moderately and imposing a special defense tax. Although income tax rates were raised for all income classes (relatively less so for lower-income groups), Finance Ministry officials anticipated that the upper classes, with a greater propensity for evasion, would probably escape a major part of the state's taxation efforts. Such behavior was tolerated since this class was considered instrumental to the state's development needs.[50] Again, it was the middle-income groups that bore the burden.

The need to undertake more drastic measures was mitigated by the period of rapid economic growth between 1967 and 1970.[51] By 1970,, however, it again became obvious to the government that its expanding security needs would outstrip its financial resources. The state's first move, to seek external sources of financing, broke with its long-standing policy of avoiding foreign financial entanglements. A number of external and internal factors prodded the government toward an international

[49] Alex Radian, "The Dynamics of Policy Formation: Income Tax Rates in Israel, 1948–1975," *Environment and Planning C: Government and Policy* 2 (August 1984), 271–84.

[50] Yaacov Arnon, interview with author, Jerusalem, June 10, 1987. Arnon was director general for the Treasury from 1956 through 1970. Also see Howard Pack, *Structural Change and Economic Policy in Israel* (New Haven: Yale University Press, 1971), 188–91.

[51] Nadav Halevi, "The Economy of Israel: Goals and Limitations," *Jersusalem Quarterly* (Fall 1976), 83–92.

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strategy. First, the emergence of a new international security alignment provided new financing opportunities at relatively little risk. The U.S. seemed willing to subsidize Israel's expanding defense needs given its newly awarded status as a U.S. strategic asset, a bulwark against communism and Soviet expansion. Accordingly, Israel increased the share of financing coming from foreign sources and thereby began exporting the costs of war preparation.[52]

A second reason for shifting the financial burden to external sources was mounting social pressure. A series of massive antigovernment demonstrations erupted in 1970. These directly challenged the government's priorities, reinforced the belief that society would not tolerate an increased tax burden and that extraction had reached its limit.[53] Thus, the government perceived that there was a direct trade-off between a restructural policy that might minimize Israel's growing financial dependence on the United States and political popularity, and it came to value the latter objective over fiscal responsibility.[54] In response to these societal pressures the government began to allocate more funds for social services. For example, the percentage of GNP government transfers to individuals went from 6.7 percent during the 1962–1966 period, to 8.7 percent during the 1968–1973 period, and to 16.2 percent during the 1974–1980 period. And the government's taxation-to-transfers ratio significantly decreased over the 1962–1980 period: from 24.2 to 19.9 to 14.0, for 1962–1966, 1968–1973, and 1974–1980, respectively.[55] "Until 1971 we were able to keep the lid on a boiling pot; in 1972 things start to break apart; then, in 1973, on this boiling level, the worst situation . . . oil shock and the war."[56]

[52] Israel's occupation of the captured territories provided it with additional fiscal burdens and opportunities. While generally maintaining the pre-1967 fiscal arrangement, Israeli officials did introduce three changes: (1) West Bank and Gaza workers were subjected to payroll deductions; (2) West Bank and Gaza residents had to bear the burden of Israeli duties on goods imported through Israel; and (3) residents of Jerusalem after the 1967 annexation were subject to the higher Israeli taxes. Despite such measures, from 1967 until 1972 "revenues directly accruing to the public sector in the territories have been consistently lower than expenditures, the balance being met from military government sources." After this date the picture becomes more ambiguous; it is likely that the territories were no longer a financial drain but were rather a net contributor to the Israeli budget. Brian Van Arkadie, *Benefits and Burdens: A Report on the West Bank and Gaza Strip Economies since 1967* (New York: Carnegie Endowment for International Peace, 1977), 98–101.

[53] Ofira Seliktor, "The Cost of Vigilance: Linking the Economic and Social Costs of Defense," *Journal of Peace Research* 17, No. 4 (1980), 339–55.

[54] Eitan Berglas, interview with author, Tel Aviv, June 6, 1987. Berglas was director of the Budget from 1977 to 1979.

[55] Berglas (fn. 18), 187.

[56] Arnon Gafni, interview with author, Tel Aviv, June 24, 1987. Before his term as governor of the Bank of Israel from 1976 to 1981, Gafni was director general of the Finance Ministry.

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The Yom Kippur War was a tremendous shock to the Israeli government, the society, and the economy. The government had misjudged the Arab threat, leading to a general societal reevaluation of Mapai's ability to be trusted with the state's security. Although the cost of the Six-Day War was considered excessive (a rate of $100 million a day), it seemed modest compared with the unparalleled costs of the Yom Kippur War (the equivalent of one year's GNP). Despite the already tremendous defense burden, there was a near consensus that national security demanded an even greater commitment of societal resources.

The increased societal cohesion following the war convinced Israeli leaders that they could increase the societal financial burden, albeit in a less than restructural manner. Although before 1973 the cabinet's perception was that society had reached the limits of its tolerance for taxation, Arnon Gafni noted that "the best time to increase taxes is during war, since hardly anyone objects and people know that they are giving towards the war effort. We may argue that such measures are temporary, but these temporary measures stay on years after the war is over. Therefore, we take advantage of the situation and raise taxes when we can, and meet little opposition."[57] A number of measures were implemented to pay for the immediate effects of the war, including increased taxation, a "voluntary" war loan, and a state loan (essentially a tax, but repaid after fifteen years).[58]

Nonetheless, the state limited its domestic maneuvers because of the perceived political costs associated with a too determined extractive effort. The government's principal solution was to request, and receive, additional military assistance from the U.S. Consequently, Israel's external liabilities as a percentage of its budget increased from 15.4 percent in 1967 to 26.5 percent in 1977.[59] Again, because of the new strategic alignment, state objectives, and societal pressures, Israeli leaders were more willing to depend on foreign sources. This was particularly true by 1975, as the memories of war had faded and most Israelis were more concerned with their personal financial problems. The government, conscious of its less than perfect performance during the 1973 war, was reluctant to impose further financial burdens; and challenges from Likud

[57] Gafni (fn. 56).

[58] According to one public opinion poll conducted soon after the 1973 war, "65.1% of the public are unreservedly prepared to tighten their belts and pay higher taxes and another 15.2% are prepared to pay a little more. Only 14.9% are absolutely opposed to paying any more taxes and 4.9% have no views one way or another." *Israel Economist* 29 (December 1973), 20.

[59] Amnon Sella and Yael Yishai, *Israel: The Peaceful Belligerent, 1967–1979* (New York: St. Martin's Press, 1986), 59.

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dampened Mapai's desire to introduce the tough but needed economic reforms. As Zambar stated: "Although in the first twenty years we were able to finance everything domestically, now because the [fiancial] burden was so heavy, we requested a huge amount from the United States. Israeli leaders knew that the U.S. would cover any additional costs, and we were not as motivated to scrutinize the budget. . . . It is easier to spend more if you know someone is going to pay for it."[60]

In summary, Israel's financial strategy underwent a dramatic change, as it abandoned its concern for financial independence and increased its reliance on foreign sources of financing. This was a direct result of the government's dual objectives of political popularity and war preparation and of potential societal opposition to its policies. As domestic constraints increased, the government looked toward an international solution to its financial problems. Fortunately for Israeli leaders, the U.S. was a willing lending agency.

Production Strategies

Before 1967 Israel's method of procuring its needed war matériel was twofold. First, before 1948 a small arms industry was established that was capable of producing the prestate Jewish community's most basic needs. Over the next twenty years arms production grew substantially, but its development was limited by the sophistication and size of the economy. During this period the Defense Ministry's strategy was to place most defense production under its authority. This reflected the state's dirigiste development strategy and security concerns; and it served the bureaucratic interests of the Defense Ministry and the political interests of Mapai, both of which would be credited with expanding the state's national security apparatus. Moreover, only the state had the necessary capital to undertake such a substantial financial commitment. Histadrut, because of its close association with the state elite, was given some military contracts and coproduction with public sector corporations. The private sector, however, was effectively excluded from this potentially profitable economic sector, as Defense officials discouraged local entrepreneurial participation in arms production.[61] The second method

[60] Zambar (fn. 47). Originally U.S. military assistance came in the form of grants. Only later was it a mixture of grants and loans. Most grants had to be spent on U.S. products. See Oded Liviatan, "Israel's External Debt," *Bank of Israel Economic Review* 48–49 (May 1980), 1–45.

[61] For example, Tadiran was nominally private until purchased by the Defense Ministry. Only when the company was placed under the guidance of the Defense Ministry did it begin to receive defense contracts. Peres (fn. 42), 132–35.

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of assuring its major weapons needs before 1967 was its quasi alliance with France, which provided a relatively secure source of arms and also established some joint production of military hardware.

This was the situation until 1967. The French weapons embargo of that year sent shock waves through the Israeli leadership and reinforced the belief that Israel must not depend on outside sources for its national security needs.[62] Consequently, the major concern was to establish and encourage those industries and enterprises that would both further the country's defense needs and serve the country's economic future. As Tzvi Dinstien, ex-director general of the Finance Ministry, succinctly argued: "Industrial development and defense requirements are intertwined."[63]

While Israeli leaders were in favor of greater defense production, it was the maturation of the economy and the development of numerous industries integral to military industrialization, primarily electronics, chemicals, and engineering, that made large-scale arms production a possibility. Thus, the external shock provided the stimulus to the government at a time when it was reasonable to expect that the economy could handle the requirements of a sophisticated arms industry.[64] Therefore, a restructural policy was made possible by the state's substantial relative autonomy and industrial infrastructure, yet it was still unclear whether the state would proceed toward greater centralization over the economy or toward a new policy of decentralization. This would depend heavily on the objectives of Israeli officials.

Given the state's past etatist stance and control over defense production, as well as salience of national security, one might expect Israeli officials to maintain, if not expand, their control over the economy. And to a degree this policy was continued after 1967. Companies such as the larger Histadrut and state-owned enterprises (e.g., Koor and Israel Military Industries, respectively) that already produced, or could be reasonably expected to produce, the needed product in the near future were considered important to military industrialization and were further funded. They were thus able to solidify and increase their market share.[65] If the project was too large and beyond the means of one of the existing

[62] Alex Mintz, "The Military Industrial Complex: American Concepts and Israeli Realities," *Journal of Conflict Resolution* 29 (December 1985), 629–30.

[63] Tzvi Dinstien, interview with author, Ramat Aviv, June 16, 1987.

[64] Before 1967 the government had already established a policy of favoring those industries that were considered essential to the state's national security, notably chemicals, metals, machinery, and electronics. Eliyahu Kanovsky, *The Impact of the Six-Day War: Israel, the Occupied Territories, Egypt, Jordan* (New York: Praeger Press, 1970), 117.

[65] This contributed to increased industrial concentration. Jerusalem Institute of Management, *Export-Led Growth Strategy for Israel: A Final Report* (Tel Aviv: Jerusalem Institute of Management, 1987).

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companies, the Defense Ministry itself built the necessary plants, provided the financing, and assumed ownership and control.[66]

Simultaneously, however, the government began to deviate from its pre-1967 policy of excluding the private sector from defense production. In fact, the private sector often found itself openly courted and favored if the required capital was not prohibitive and a public sector corporation did not have a monopoly over production. According to Tzvi Tropp, a prominent Defense Ministry official intimately involved in investment decisions, although "all companies are equal" and the objective criteria of cost, quality, and delivery (in that order) should be considered when deciding upon a bid from a number of companies, an unwritten rule is that, everything else being equal, the Defense Ministry would favor the *private sector firm over the public sector firm*. Its policies were in effect to "put the seeds in the small plants of the defense industry in Israel" and thereby provide the foundation for a larger and more expansive private sector. For example, El Bit and El Op, both private sector companies, received their initial investment capital from the Defense Ministry. Tropp continued, "In general, if it was possible to have military production done by the private sector we would do it there."[67] The private sector now had an important role because of the government's decision to move away from etatism and toward economic liberalization.[68]

Why the enthusiasm for private capital? Given that Israel was founded by a socialist-minded elite that was suspicious of, if not outright antagonistic toward, private capital, and that the government had pursued an etatist development policy, and that there was a significant threat to national security, one might have expected the government to maintain its control over military industries. Instead, the government coalesced around and promoted the private sector for economic, ideological, and political reasons.

The government believed that Israel's development prospects, and hence its security, were dependent on the economy's decentralization and exposure to greater competition. It was thought that decentralization, essentially equivalent to the development of the private sector, would

[66] Pinchas Zusman, interview with author, Rehovot, June 24, 1987. Zusman was economic adviser to, and then director general of, the Defense Ministry from 1968 to 1975.

[67] Tzvi Tropp, interview with author, Tel Aviv, May 30, 1987. The actual investment figures are classified; it is therefore impossible to verify the percentage of defense funds that went to the private and public sectors.

[68] Also see Alex Mintz, "Arms Production in Israel," *Jerusalem Quarterly* 42 (Spring 1987), 89–99. There was also increased interest in the benefits from increased foreign capitalist activity (although foreign capital had been courted in some fashion since before 1967). See Sheila Ryan, "U.S. Military Contractors in Israel," *MERIP Reports* (January–February 1987), 17–22

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increase competition, lead to more efficient production, and thereby promote exports. This promarket attitude had been bolstered by the recession of 1965–1967, which was attributed in part to inefficient industrial and manufacturing sectors, a consequence of both the state's excessive protection of these sectors from foreign competition and a lack of domestic competition. Defense Ministry officials also believed that its previous policy of limiting production to the public sector had jeopardized Israel's security and was inappropriate for the changing environment and circumstances. In addition, it was assumed that greater technological spin-offs could be generated by those companies that produced for both the defense and the civilian markets, as opposed to those companies that produced exclusively for defense. Considerations of efficiency were also prominent; state officials believed that private sector firms should specialize in certain products and thereby increase efficiency and profitability. Moreover, by encouraging production for export markets and exposing the economy to the international economy, the government could "assist" the domestic firms toward economic efficiency.[69]

These economic motivations were bolstered by a growing ideological belief that an economy guided by state intervention was inferior to one shaped by market forces. There was an interesting transformation in the composition of the upper reaches of the bureaucracy as it became staffed by officials sympathetic to capitalism.[70] A whole generation of economists educated and trained in neoclassical economics had attained key ministerial positions. Many in the Defense and Finance ministries believed that less government intervention was needed for a more productive economy. According to Dinstien: "These were the ideas of [Finance Minister] Sapir and [Prime Minister] Eshkol. We [at the Finance Ministry] did everything we could to develop this [private] sector. . . . This was the same philosophy in the Defense Ministry . . . [where] there was also a belief that a decentralized economic environment was the best way to produce what the military needed."[71] The Defense Ministry believed that if a firm was insulated from competitive pressures, the pricing mechanism would become distorted. This was true of those firms that produced only for the military and retained a monopoly over production.

[69] Because military industrialization became more sophisticated and expensive and domestic demand was not enough to lower production costs, there was a turn to export promotion. This market became more central to the industry's success and an increasing source of the state's revenue. For overviews of Israel's arms export market, see G. M. Steinberg, "Israel: High-Technolgy Roulette," in Michael Brzoska and Thomas Ohlson, eds., *Arms Production in the Third World* (Stockholm: SIPRI, 1985), 181–88, and Aaron Klieman, *Israel's Global Reach* (New York: Pergamon Press, 1985).

[70] Benjamin Azkin and Yehezkel Dror, *Israel: High Pressure Planning* (Syracuse: Syracuse University Press, 1964), and Eisenstadt (fn. 40), 403–31.

[71] Dinstien (fn. 63).

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The "discipline of the market" was preferred, since "every company becomes as inefficient as allowed by its environment."[72] This promarket attitude among ministry officials had already surfaced shortly before the 1967 war and became increasingly prevalent and overt throughout the 1970s.

Political considerations also figured prominently in the move toward capital. One consideration was the need to bolster the government's weakening political foundation. Dispersing defense funds to as many groups as possible would broaden Mapai's political base and win the loyalty of domestic capital.[73] Coalition politics was also important, since the General Zionists, who had always advocated a decreased state role in the economy and greater capitalist initiative, were then part of the government coalition and could assure that the private sector would benefit from defense contracts. Finally, there was also an element of bureaucratic politics. Because the Defense Ministry controlled the public sector military industries, other ministries believed that their bureaucratic rival would become too powerful if past trends continued unabated. The only way to offset current patterns was to funnel additional funds to the private sector and promote exports; that would lessen the public sector's dependence on the Defense Ministry for investment funds and thus promote the former's autonomy (it would also relieve the state's investment burden).[74]

Because the private sector was relatively malnourished, the government used a number of policy tools to advance its development. The military was a captive market, with a guaranteed large demand. Government officials could channel investment, place long-range orders, and provide investment subsidies and tax breaks. In this environment private companies could plan while minimizing market uncertainty. Moreover, the public sector was actively encouraged to undertake joint ventures with private companies. If the public sector was still unresponsive, the Defense Ministry took the additional step of creating a number of firms for the exclusive purpose of facilitating the transfer of public sector operations into the private sector. For example, the Defense Ministry created Galram to coordinate public and private sector activities. Less subtle strategies included those instances when the Defense Ministry threatened to go exclusively to private capital unless the public sector acceded to private sector participation.[75]

Although this restructural policy was highly successful at paving the

[72] Zusman (fn. 66).
[73] *Ibid.*
[74] Arnon (fn. 50); Dinstien (fn. 63).
[75] Dinstien (fn. 63); Tropp (fn. 67).

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way for military industrialization, the economy still could not produce the more sophisticated and technologically advanced military hardware needed for modern warfare. Again, this was due to a lack of industrial infrastructure, financial resources, and scientific know-how. As a result, Israel also adopted an international strategy and came to depend wholly on the United States for its supply of advanced military hardware, particularly fighter planes.

Israel's production strategy was a function of both the state's objectives—to mobilize defense production, to usher in a new development phase, and to bolster its political base—and the available options. Rather than centralize its control over the economy, the government moved toward liberalization, a shift facilitated by a high degree of state autonomy. A number of highly motivated officials, with autonomous control over substantial resources, channeled seed money to the private sector and promoted its growth. To acquire those weapons that could not be produced domestically because of the economy's material limitations, Israel turned to the United States.

Conscription Strategies

Not surprisingly, Israel's involvement in three separate wars and the occupation of the captured territories increased its manpower needs. Briefly, Israel's conscription policy before 1967 was set forth in the Defense Service Law of 1949, which stipulated that every male citizen serve two years in the military (women served one year) and that every permanent resident was subject to annual reserve duty for thirty-one days until the age of thirty-nine, and for fourteen days between the ages of thirty-nine and fifty-five.[76] In Israel military service is seen as identification with the state, as commitment to its goals and interests. The tremendous legitimacy bestowed upon the Israeli state by most of society enabled Israeli officials to institute near universal conscription soon after the 1948 war. Only Arabs and religious Jews were exempt during the pre-1967 period, which was indicative of their marginality and partial membership in the collectivity.[77]

Because conscription was already nearly universal before 1967, only an incremental change was likely. After 1967 the Ministry of Defense and the religious establishment negotiated for some religious Jews to join the

[76] Dan Horowitz and Baruch Kimmerling, "Some Social Implications of Military Service and the Reserve System in Israel," *Archives Européennes de Sociologie* 15, No. 2 (1974), 262–76, at 264.

[77] Baruch Kimmerling, "Determination of the Boundaries and Frameworks of Conscription: Two Dimensions of Civil-Military Relations in Israel," *Studies in Comparative International Development* 14 (Spring 1979), 22–41, at 23.

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army, primarily through the Nahal (the army's agricultural unit), and stationed them principally on the West Bank. This extension of conscription served the interests of both the Defense Ministry, which sought to extend the scope of conscription, and the religious community, which wanted to participate in defense and the political struggle over the occupied territories.[78] In addition, service for male conscripts was lengthened from two to three years, and the annual period of reserve duty was raised to two or more months, while many overage reservists were reactivated.[79] Immediately before the 1973 war, however, the length of service was reduced to thirty-three months, and reserve duty reverted to the pre-1967 standards. This was a result of government's confidence in the ability of the air force to deter any possible Arab attack.[80] Such cutbacks were premature.

The Yom Kippur War reintroduced even greater manpower pressures. Israeli estimates of the manpower balance between itself and the Arab states projected a decline from 2:3 in 1977 to 1:3.5 in 1984. Moreover, the rapid changes in military technology called for training periods longer than the already lengthy three-year commitment. The army benefited from widespread feelings of patriotism and the belief that the state was in mortal danger, which led to an increase in the reenlistment rate for reserve officers.[81]

Patriotic fervor alone could not meet Israel's manpower needs, but to lengthen the reserve service period would place it beyond the pre-1967 formula, which was seen as meeting the military's manpower needs while minimizing the economic (particularly labor) costs to the economy. The IDF therefore began to review the conscription registry for those who had dodged the draft or had never been called up. Although this was a laborious task and took a long time, it increased the manpower pool by a few thousand men.[82] The military also rechecked the original criteria for exemption and attempted to enlist those who were originally exempted because of comparatively lax enforcement. Although originally such exemptions applied to only a few hundred, by the 1970s they covered between ten thousand and fourteen thousand men.[83]

In addition to these accommodational measures, the government pursued a limited restructural policy and attempted to increase the country's

[78] *Ibid.*
[79] Edward Luttwak and Dan Horowitz, *The Israeli Army* (New York: Harper & Row, 1975), 327.
[80] *Ibid.*, 359.
[81] Yaniv (fn. 40), 191–92.
[82] *Ibid.*, 192.
[83] Eisenstadt (fn. 40), 160–61.

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manpower through a return to the notion of "spatial defense." This policy had been introduced during the first years of Israeli independence. At that time the state armed the peripheral settlements so that they could absorb the first blow in the event of an attack, if the army could not mobilize quickly enough. (Between 1956 and 1973 the concept had been largely abandoned for lack of resources.) The IDF debated the utility of training Israeli settlers for paramilitary duties on the West Bank in case of another 1973-type invasion, and Chief of Staff Rafael Eitan, a strong advocate of Greater Israel, created civilian groups in the occuped territories that could use force if the IDF were unable to respond quickly enough to a security threat.[84] This represented an important development in the state's manpower strategy and would later become a controversial, and sometime unpredictable, coercive arm of the state.

Summary

As Israel's security needs became more demanding and costly after 1967, its war preparation strategies underwent tremendous change. The Israeli case demonstrates that even in so-called strong states that have high legitimacy, extractive capacity, and control over production, there are significant domestic constraints that affect the state's ability to mobilize security resources. In order to explain Israeli war preparation strategies fully, it was necessary to incorporate both the state's other domestic objectives, which included creating a sound economic environment and protecting the government's political base, and the constraints on its actions. How the state's objectives and decision context together produced its war preparation strategies is most evident in Israel's production strategy, which changed from an etatist stance to one that incorporated the previously excluded domestic capitalist class. This shift was motivated by the role that the private sector could play in strengthening the government's security, political, and economic objectives; and the government could initiate such a significant change in the country's economic organization because of the state's autonomy.

Despite such industrialization efforts, however, domestic sources alone could not produce all of the necessary military hardware. Thus the state had to supplement its restructural orientation with strategic assistance from the United States. The state's financing strategy also underwent radical change, as Israeli officials quickly jettisoned the pre-1967 policy of maintaining financial autonomy and began to depend heavily on the U.S. This international strategy was (1) a reaction to the unwillingness of Israeli society to absorb the mounting costs of war without

[84] Yaniv (fn. 40), 206.

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exacting a political price and (2) the result of the opportunity created by the new alliance with the United States, which allowed Israeli decision makers to export these costs. The result was that budgetary constraints were relaxed and the government lost the political will to impose further demands on society. Because conscription was already nearly universal and lengthy, a product of the state's tremendous legitimacy, it could be changed only at the margins.

Conclusion

This study offers a conceptual framework for thinking about the systemic and societal determinants of the state's mobilization of resources for war and illustrates its utility with the Israeli case. It addresses a number of theoretical issues. First, the Janus-faced state is alive and well and living in the domain of national security policy. This contrasts with the dominant theoretical understanding that security policy is at the discretion of a privileged number of government officials who either do not take societal constraints into consideration, or are independent of them. The Israeli case vividly illustrates the importance of integrating systemic and state-society relations for understanding national security policy. Those officials who were responsible for the nation's strategic posture vis-à-vis the Arab world were sensitive to the salience of international conflict and the new alliance opportunity with the United States and also to the increased societal constraints and pressures on the state's resources. Therefore, as opposed to the view offered by systemic and economic nationalist approaches, I have shown that a complete explanation of Israel's strategic alliance with the United States must incorporate the missing role of state-society relations. Israeli leaders had a number of options for mobilizing the necessary resources, but by choosing to increase their reliance on the United States they could avoid imposing greater burdens on society and jeopardizing their other political and economic objectives. This study, then, joins the growing body of literature that explicitly attempts to link, in a theoretical manner, domestic politics and the international system for understanding the foreign policy behavior of states.[85]

Second, because the state is attempting to mobilize material resources, national security and political economy are inextricably intertwined. Joseph Nye correctly observes that "the field of international politics split

[85] G. John Ikenberry, "Conclusion: An Institutional Approach to American Foreign Economic Policy," *International Organization* 42 (Winter 1988), 219–43; Robert Putnam, "Diplomacy and Domestic Politics," *International Organization* 42 (Summer 1988), 427–60; Michael Mastanduno, David Lake, and G. John Ikenberry, "Towards a Realist Theory of State Action," *International Studies Quarterly* 33 (Winter 1989), 457–74.

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into two literatures, one in military security rooted in the Realist tradition, and the other in international political economy, incorporating some insights from the Liberal tradition. Each tended to ignore the concerns of the other. Only recently have there been efforts to bring these two back together."[86] Although Kennedy's book has stimulated numerous discussions concerning the relationship between national security and political economy,[87] these debates have proceeded absent the insights from the expansive literature on state-society relations. Theorizing about state-society relations in the security sphere can provide new insights into the relationship between international security and the economy, which all too often have been regarded as separate fields of study.

It is equally important to recognize that society is more than a set of constraints. Israeli officials used the state's security policy intentionally to redirect the future state-society relationship, since they saw a restructured domestic society as instrumental to their security, economic, and political objectives. That war preparation strategies may have a dual purpose—to affect the state's relationship to *both* foreign and domestic actors—has been ignored by security theorists. Whether or not a state's war preparation strategies are used explicitly and intentionally for this double-edged function, they have important effects on state-society relationships.[88] The neo-mercantilist use by the Israeli government of the economy to further its security posture, however, had a strange twist, for the initial attempt by the state to liberalize the economy in order to expand its material base led to an erosion of the state's autonomy at the hands of a growing and increasingly important domestic capitalist class and military-industrial complex.

These observations underscore the essence of the study: considered in isolation, systemic, state, and societal-oriented approaches are inadequate for fully understanding national security policy. Future security studies would do well to incorporate the insights generated by the literature on foreign economic policy, which recognize the importance of the international system, forms of the state, and societal actors. It is not only in the realm of foreign economy policy that the state must bargain for societal resources in pursuit of its foreign policy objectives; the state's military power in the interstate system and its national security policy are equally affected by the societal constraints on its actions.

[86] Nye, "Nuclear Learning and U.S.-Soviet Security Regimes," *International Organization* 41 (Summer 1987), 374.

[87] Kennedy (fn. 10).

[88] Theda Skocpol, *States and Social Revolutions* (New York: Cambridge University Press, 1979); Tilly (fn. 4); Michael Barnett, "War Preparation and the Restructuring of State-Society Relations: Egypt and Israel in Comparative Perspective" (Ph.D. diss., University of Minnesota, 1989).

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Review Article

CRISIS IN SOCIALISM OR CRISIS OF SOCIALISM?

By ELLEN COMISSO*

Zbigniew Brzezinski, *The Grand Failure*. New York: Charles Scribner, 1989, 278 pp.
Tony Judt, *Marxism and the French Left*. Oxford: Clarendon Press, 1986, 338 pp.
Paul Lewis, *Political Authority and Party Secretaries in Poland, 1976-1986*. Cambridge: Cambridge University Press, 1989, 340 pp.
Harold Lydall, *Yugoslavia in Crisis*. Oxford: Clarendon Press, 1989, 255 pp.
Ivan Szelenyi, *Socialist Entrepreneurs*. Madison: University of Wisconsin Press, 1988, 254 pp.
Raymond Vernon, ed., *The Promise of Privatization*. New York: Council on Foreign Relations, 1988, 295 pp.

IN an insightful essay dealing with democratic "transitions" in Europe and Latin America, Adam Przeworski concludes that "we cannot avoid the possibility that a transition to democracy can be made only at the cost of leaving economic relations intact, not only the structure of production but even the distribution of income."[1] Many East Europeans, in contrast, appear nowadays to be coming to quite a different conclusion: a transition to democracy in the context of "actually existing" socialism can only be made together with a radical transformation of economic relations, one that would involve not only a dramatic reform of allocation mechanisms but also a major change in ownership structures. Whether the full scope of such a transition will ever be realized in practice remains uncertain; nevertheless, its mere existence, increasingly ac-

* This essay was completed in September 1989, a time when changes that subsequently occurred in East Germany, Bulgaria, Czechoslovakia, and Romania had not been considered or even conceived of in published works of nonfiction. In revising the article for publication in January 1990, I made some attempt to take account of recent developments in the area. However, since the analysis of Poland, Hungary, and Yugoslavia, as well as the central thrust of the paper remained valid, I thought it best not to interrupt the flow of the argument with new material. Hence, I have confined my remarks on the situation that emerged in the fall and winter of 1989 to the footnotes.

[1] Przeworski, "Some Problems in the Study of the Transition to Democracy," in Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead, eds., *Transitions from Authoritarian Rule: Comparative Perspectives* (Baltimore: The Johns Hopkins University Press, 1986), 63.

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tive articulation, and the ability to generate widespread public support at both elite and mass levels is a highly significant political phenomenon in itself.

A view that considers democracy (or more precisely, polyarchy), markets, and private ownership as necessary conditions of each other is not new; philosophically, its origins precede by at least a hundred years the nineteenth-century philosophy "conceived in the public reading room of the British museum by an emigré German-Jewish intellectual" (p. 15) that Zbigniew Brzezinski finds so dated.[2] What is new is the degree to which, and the quarters in which, the liberal democratic package has become accepted not only as one whose elements are essentially in harmony with each other, but also as one that, to many, represents the best of all possible worlds.

The foregoing by no means implies that even the most avid "liberals" in contemporary Hungary, Yugoslavia, or Poland are closet Thatcherites, no matter how much party conservatives have sought to attach this label to them.[3] Nor did the covert admiration many activists in East European peace movements guardedly expressed for Ronald Reagan's denunciations of the "Evil Empire" in the early 1980s typically extend to an endorsement of supply-side economics or the highly regressive redistribution of income that took place during his administration. And, even as *The Road to Serfdom* replaces *Critique of the Gotha Programme* as required reading for informed East European intellectuals, the societies that constitute the Europe they are so anxious to rejoin—Austria, Scandinavia, France, Italy, and even West Germany—are all societies whose postwar experiences have run directly counter to Hayek's dire predictions.

The current ferment in Eastern Europe thus does not lend itself to being easily pigeonholed into traditional cold war categories or even smoothly assimilated along the classic left-right spectrum. This is particularly the case because distinctly cultural and national concerns underlie many of the debates within Eastern Europe today—as suggested in Ivan Szelenyi's *Socialist Entrepreneurs* and demonstrated in Harold Lydall's description of the conflicts over the status of Kosovo in contemporary Yugoslavia. Indeed, it is precisely the packaging of a substantial dose of

[2] James Madison found "property" to be "the most enduring source of faction" long before Marx made his observations. See Federalist no. 10, in Alexander Hamilton, John Jay, and James Madison, *The Federalist* (New York: Modern Library, 1938), 47-53.

[3] See Dennison Rusinow, "Nationalities Policy and the National Question," in Pedro Ramet, ed., *Yugoslavia in the 1980s* (Boulder, CO: Westview Press, 1985), 143-44; Charles Bukowski, "Politics and the Prospects for Economic Reform in Yugoslavia," *Eastern European Politics and Societies* 2 (Winter 1988), 104. See also Szelenyi, p. 13.

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anti-Enlightenment sentiment within the terminology of Locke and Kant that makes Brzezinski's attempt to draw great moral–historical lessons from a fundamentally ambiguous historical moment seem oddly forced and premature.[4]

At the same time, if we choose to interpret Brzezinski's message figuratively rather than literally, *The Grand Failure* does indeed point to an important and quite new phenomenon: the existence of a rather significant and politically strategic element in the East European (and also, if we are to believe Tony Judt, the West European) political universe that has chosen to turn away from even a radically reformed version of socialism and toward something approximating the "democratic class compromise" of social democracy. The causes for the emergence of what can only be described, in Gramsci's terms, as a social-historical bloc of forces ranged around this objective are multiple; several are explored by the volumes under review. The question, however, is whether the (actually existing) socialist states of Eastern Europe are embracing the democratic class compromise at the same time that the bases for its existence on either side of the Elbe are being undermined.

The question I will address in this essay is thus whether what we are witnessing today in Eastern Europe and even the Soviet Union is solely a domestic crisis in actually existing socialism or whether it is, in addition, a much broader crisis of socialism in general, including even potentially more democratic variants. I will proceed, first, by examining analyses of the domestic determinants of changes within the socialist states, focusing on Hungary, Poland, and Yugoslavia. I will also attempt to put the East European situation within a larger international context, arguing that in many ways the political and economic changes within the socialist bloc are simply extreme cases of a more general challenge to the economic viability of socialist institutions wherever they are found and, in particular, to the publicly owned enterprise that has always been at the core of socialism.

That is, economists have traditionally defined socialism primarily as an ownership system, regardless of the mechanism (plan, market, or some mixture) used for the allocation of resources.[5] As such, socialism's

[4] See Tony Judt, "The Dilemmas of Dissidence: The Politics of Opposition in East-Central Europe," *Eastern European Politics and Societies* 2 (Spring 1988), 185-241.

[5] See Egon Neuberger and William Duffy, *Comparative Economic Systems* (Boston: Allyn & Bacon, 1976), 114-17; Michael Montias, "Types of Communist Economic Systems," in Chaimers Johnson, ed., *Change in Communist Systems* (Stanford, CA: Stanford University Press, 1970), 117-35; Peter Wiles, *Political Economy of Communism* (Cambridge: Harvard University Press, 1962); Alec Nove, *Economics of Feasible Socialism* (New York: Allen & Unwin, 1983); and Wlodzimierz Brus, *Socialist Ownership and Political Systems* (London: Routledge & Kegan Paul, 1975).

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distinguishing feature is neither central planning nor a ruling communist party, but the fact that a political community, rather than private individuals, owns the means of production. In the modern world, the most extensive form of political community is, for the most part, the nation-state. In that context, public, state, or social ownership is a rational strategy for national ends to the degree that states can reap comparative advantages from controlling capital allocation within their borders. These advantages are particularly pronounced in a world characterized by technical and political barriers to capital mobility, in which it is both risky and relatively costly for investors to acquire equity outside the jurisdiction of their own state. In this international context, state investment can be an important means for mobilizing domestic resources for economic development as is attested to by examples as varied as France, Yugoslavia, Brazil, India, and Singapore.

Nevertheless, as markets in factors of production as well as in commodity and credit become globalized, the advantages of the state-owned enterprise begin to decline, and so does the appeal of socialism as traditionally understood. From the perspective of the enterprise, the state appears as merely one of a number of possible investment sources—and not necessarily the most desirable one at that. From the perspective of the public investor, to the degree it is committed to increasing the value of its assets and capturing a financial return on public investment, the rationale for confining state holdings to entities operating exclusively within its borders is weakened.

Meanwhile, if the internationalization of financial markets is a factor in the apparent inability of socialist states to find an economically efficient, democratic, and yet distinctively socialist model that would allow them to participate in the international economy on a competitive basis, the consequences for social democracy are not necessarily sanguine either.

Crisis in Socialism?

On one level, East Europeans are not so much abandoning socialism as they are simply rejecting its Leninist variant. Insofar as the acceptance of Leninism in Eastern Europe has always been rather tenuous (to put it mildly), it hardly comes as a surprise that, in a country like Poland, it would be a popular project to abandon it. In this sense, all we are witnessing today is the collapse of a (non)traditional authoritarianism that was imposed by a regional hegemon in its own interest, and which should never have been labeled socialist to start with. Consequently, the

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only question that needs to be addressed is the strictly empirical one of how the dissolution process unfolds and how far it progresses.

In their respective studies of the Polish United Workers' Party (PUWP) and the Hungarian private agricultural sector, Paul Lewis and Ivan Szelenyi approach this question in very different ways. From their perspectives, what is at stake is simply a long overdue crisis in actually existing socialism—a crisis whose origins are primarily domestic or at most regional, reflecting the political bankruptcy of the ruling elite (Lewis) and/or a spontaneous and basically healthy resistance on the part of society to attempts to transform it from above (Szelenyi). The demise of Marxist-Leninist regimes and the breakdown of the centrally planned economies underlying them not only indicate little about the possibility of less repressive and unpleasant forms of socialism arising in Eastern Europe and elsewhere, but may be precisely the conditions that open the door to such a development. In short, the benefits and costs of the introduction of political and economic pluralism within Eastern Europe will fall primarily upon the local populations, much as democratization processes in Latin America did. Moreover, should this process generate externalities relevant to socialist theory and practice outside East European borders, they will be largely positive, in that democratic socialists will no longer find themselves forced to apologize for fundamentally repressive regimes claiming to share their political space and to define their ideological purity.

Echoes of this view are also found in Tony Judt's superb account of the causes and consequences of the longstanding romance between Marxism and the French Left. In an ironic twist, the causes of Socialist (PSF) success in the 1980s stand revealed as the mirror image of the causes of the French Communist Party's (PCF) rapid decline within the same period. Whereas the fluid organization and doctrinal heterogeneity of the PSF allowed it to appeal to and capture an electorate that "reflects with surprising accuracy the French electorate as a whole, in age, education, location, and operation" (p. 295), the PCF's "enduring Stalinism" caused it to remain "historically attached to just those parts of France and French society which are most archaic and troubled" (p. 292). The PSF's ability to distance itself from traditional Marxism, with its "firm commitment to certain propositions about the life-span and self-destructive properties of capitalism" (p. 298), allowed the PCF to validate its historical claim to be Marxism's oracle in France; at the same time, it was the key factor that permitted the former to govern and condemned the latter to political irrelevance.

Judt's observations about the dead-end street on which French com-

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munism appears to be are quite relevant to Lewis's description of events within the PUWP in the last decade, and shed a great deal of light on a central ambiguity in the latter's analysis. In tracing the origins of the Polish crisis to a "chronic authority deficit" in Polish politics, Lewis suggests that "this authority deficit was closely related to the form and capacity of party leadership embodied particularly in the operation of its intermediate organs" (p. 284). The implication of such an argument is that, if the movement to democratize the PUWP that surfaced in 1980 had been successful, martial law could have been avoided. At the same time, however, Lewis argues that it was precisely the victories of the party reform movement at the 1981 Extraordinary Congress that paved the way for the declaration of a state of war a few months later.

Lewis explains this paradox by pointing out that the nonelected parts of the apparatus remained relatively intact despite major changes in the elected leadership at national and provincial levels. Yet the enigma remains unanswered: how could the apparatus be too weak to control party elections but strong enough to control the party, and how could erstwhile "democratizers" be strong enough to replace a substantial portion of the party leadership but too weak to control the organization? In short, in the conflict between two wings of the PUWP, each with its own claim to control the party and with internal bases of support, why did the struggle end with the triumph of the apparat?

In one sense, the answer seems to lie in the very different sources of external support on which the two opposing currents were based. While the apparat could turn to the Soviet Union, whose support was readily forthcoming in 1981, the reform wing counted upon "society" to rally to its cause. But once Solidarity washed its hands of the internal party conflict, and disagreements and increasing militancy within Solidarity's own ranks dimmed the possibility of compromise,[6] the reformists' claim that they could carry on a dialogue lost credibility, and the advantages of governing the country through a democratized PUWP over ruling it by a bureaucratic centralized party rapidly diminished.[7]

[6] See esp. Alain Touraine's account in *Solidarity: Poland 1980-81* (Cambridge: Cambridge University Press, 1983), and Neal Ascherson, *The Polish August* (Baltimore: Penguin Books, 1982).

[7] Certainly, the availability of Soviet support for the traditional apparat in Poland in 1981 and its unavailability in 1989 is a key factor that explains why events in East Germany, Czechoslovakia, and to some degree even Romania had such dramatically different denouements. That is, the possibility of Soviet intervention was an important element in the Polish declaration of martial law: one reason why Jaruzelski could rely on the loyalty of the Polish army was, presumably, the very real threat that the Soviets would otherwise do the job. Such a threat could not be made in Czechoslovakia in 1989, with the result that the Czechoslovak armed forces could not be counted upon by the regime; as for the DDR, the Soviet-controlled command structure of the army meant Honecker could not even issue orders to it over Soviet

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More profoundly, however, if the dilemma of "liberal" communists within the PUWP is compared with the dilemma of party reformers in the PCF, it would appear to be insoluble, even if the reformers had emerged fully victorious. In both cases, party reform aimed to convert a top-down cadre party into a bottom-up mass organization, to weaken its international (i.e., Soviet) ties in order to strengthen its national base, and to dilute its capacity for control in order to enhance its ability to represent.[8] As such, the logic of party reform is essentially one that would greatly diminish and even potentially erase the traditional distinction between the parties of the Second and Third Internationals.

Such a process may stand a chance of succeeding in a political context marked by the absence of a socialist party or a popular movement credibly competing for the Communist Party's traditional and potential constituency. Such was the case in Italy,[9] and even in Yugoslavia during its periods of party reform;[10] as late as October 1989, it appeared to be the case in Hungary as well. There, the Social Democratic Party that had surfaced in 1988 was little more than a resurrected version of what was left of the Social Democratic Party in 1948, including its aging leadership and program. Unlike Solidarity, it proved notably reluctant to accommodate either renegade communists or newer adherents. The result was to strengthen reformist forces within the communist party itself by cutting off a potential exit, and to encourage a proliferation of other groups and proto-parties as all maneuvered to capture what was anticipated to be a substantial social democratic segment of the electorate.[11]

In contrast, when a real and credible social democratic competitor is present, attempts to reform a communist party seem to be counterproductive. Such was the situation in both France and Poland. In the former, attempts to reform the PCF alienated party stalwarts while failing

objections. In Romania, where Ceausescu, without a Warsaw Pact backup, did call out the army against demonstrators, the result was military desertion.

[8] Compare also Jane Jenson and George Ross, *The View from Inside* (Berkeley: University of California Press, 1984) with Werner Hahn, *Democracy in a Communist Party* (New York: Columbia University Press, 1987).

[9] Sidney Tarrow, *Peasant Communism in Southern Italy* (New Haven: Yale University Press, 1969); Sergio Turone, *Storia del sindicato in Italia, 1943-69* [History of the Italian labor movement, 1943-69] (Bari: Laterza, 1974).

[10] See April Carter, *Democratic Reform in Yugoslavia* (Princeton: Princeton University Press, 1982); Dennison Rusinow, *The Yugoslav Experiment* (Berkeley: University of California Press, 1977).

[11] The "dissolution" of the Hungarian Socialist Workers' Party and the formation of the Hungarian Socialist Party from its reform-wing ashes was, of course, a predictable part of the strategy aimed at positioning the party on the center-left. So, too, was the (unsuccessful) demand of radical reformists within the party to expel its more conservative elements openly, an action that would have made the new party's claim to the center more credible by, in effect, creating a party on its left.

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to stem the tide of voters and *adhérents* flowing to the PSF; in the latter, party reform threatened the organization's backbone, its apparat, while enhancing the appeal of Solidarity among its own rank and file. In such a context, the party as an identifiable organization in a real sense *is* the apparat, as Lewis carefully explains. Consequently, to quote Judt, "it can only change by ridding itself of those very particular features which gave it its special character and position—and yet without them, it is nothing" (p. 292).

In short, it may be possible for a Leninist party to become a socialist party, but not if it is simultaneously competing with one that already has an established political base and profile. It is this that perhaps explains why the PUWP stood firm for so long in the face of mass opposition while the Hungarian party, confronted with the demands of a few thousand intellectuals, conceded virtually everything.[12]

In part reflecting the fact that the situation in Hungary has evolved differently from that in neighboring Poland, Ivan Szelenyi's fascinating study of small-scale agricultural "entrepreneurship" in Hungary takes a very different approach to analyzing the sources of current changes in "actually existing" socialism. Where Lewis concentrates on the "high politics" of the Polish crisis and the watershed character of the past decade, Szelenyi explores "a silent revolution," structural change from below . . . being carried out by the everyday practices of Hungarian semi-proletarians" (p. 22), and stresses incremental social change and historical continuity.

Szelenyi's *Socialist Entrepreneurs* is important for its empirical findings and rigorous methodology, but perhaps its theoretical implications are what is most intriguing. First, in a socialist analogue to the work done by Sabel and Piore on capitalist economies,[13] Szelenyi argues that there

[12] It is important to note here that success in becoming a socialist party in terms of internal organization and programmatic commitments is by no means equivalent to achieving electoral victory as one. In fact, the "new" Hungarian Socialist Party is likely to be forced into opposition, following the springtime parliamentary elections, for several reasons: (1) If the reemergence of the Hungarian Socialist Workers' Party on its left in late 1989 has had the benefit of giving some credibility to the HSP's claim to be in the center, it has also meant that the latter's control of ex-HSWP organizational resources is subject to challenge at precisely the moment it needs to mobilize these resources for the election. (2) It is difficult to imagine an electorally successful socialist party anywhere without a working class constituency at its core, no matter how eclectic and moderate its program may be. Yet one of the peculiarities of the current political climate in Hungary is the illegitimacy of attempts to mobilize voters on the basis of class—particularly for a party seeking to disassociate itself in voters' minds from its communist past. (3) Finally, although the HSP is campaigning against communism as hard as every other party is, the political history of its leaders makes that claim somewhat unconvincing. Equally important, it makes the HSP uniquely unacceptable as a coalition partner to its rivals and hence unlikely to be included in a future government.

[13] See Charles Sabel and Michael Piore, *The Second Industrial Divide* (New York: Basic Books, 1984).

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is no unilinear or inevitable trend to proletarianization in the modern economy, even when it is governed by a highly bureaucratized allocation mechanism. On the contrary, he suggests, it is precisely the hegemonic position of hierarchic and monopolistic structures that create opportunities for individuals to escape from them via self-employment. These opportunities are not equally or even equitably distributed; the bulk of Szelenyi's study is devoted to explaining who takes advantage of them. Nevertheless, incomplete proletarianization indicates how people can manage "to live their lives basically the way they wanted to anyway, regardless of what their rulers want" (p. 22), and even that peasants "can teach their masters a lesson."[14]

Second, Szelenyi quite correctly rejects interpretations of Western Marxists who would characterize such petty commodity production as "creeping capitalism." On the contrary, Szelenyi points to the many synergies and complementarities that derive from mixing a small-scale private sector with a large-scale state sector, suggesting that the performance and survival of each benefits from the presence of the other. Economically, the state sector shelters small-scale agriculture from the rigors of open competition while partly subsidizing its inputs and labor costs. In return, the second economy imparts a degree of flexibility to the state sector, both by furnishing it with goods in short supply and by allowing it to economize on labor costs through the provision of an additional source of earnings (and, in the case of peasant workers, housing) for less strategic and less skilled employees.

The small-scale private sector does not signify very much of a political challenge to the monopoly of the Hungarian Socialist Workers' Party (HSWP) either. Rather, it is created by individual "exit" from the state sector (and even then, only after working hours in many cases), in contrast with the kind of collective "voice" Solidarity sought to articulate. Indeed, one of the main differences between Szelenyi's rural entrepreneurs and the classic bourgeoisie is the former's apparent lack of civic/political involvement. At most, they would limit the reach of state power rather than aspire to control it or to take responsibility for its exercise.

Moreover, the stratification order resulting from rural "embourgeoisement" does not challenge the dominant social structure arising from administrative-political coordination. Rather, it complements that structure: the cadre's "hobby farm" with its lawn and vineyard can comfortably, if not aesthetically, coexist with the peasant's "square

[14] See Szelenyi's follow-up piece, "Eastern Europe in an Epoch of Transition: Toward a Socialist Mixed Economy?" in David Stark and Victor Nee, eds., *Remaking the Economic Institutions of Socialism: China and Eastern Europe* (Stanford, CA: Stanford University Press, 1989), 208-33, at 222.

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house" and minifarm with its pigs and vegetable garden. The game is thus a positive, not a zero-sum one; although an additional avenue of social mobility may lead to nothing but a system with "two masters rather than one" (p. 218), even that would create a possibility for subordinates to play off one against the other.

Finally, Szelenyi concludes, this peculiar mix of statism and small enterprise could constitute a genuine "Third Road": a substantial deviation from Soviet-type state socialism, but also something that is a far cry from Western capitalism. In effect, it suggests an alternative model of socialism, a "socialist mixed economy" made possible to the degree Eastern Europe returns to "its own organic evolutionary path" after the forty-year detour forced on it by the Soviet Union.

Szelenyi's careful analysis, with its stress on domestic particularities and the possibility of creating unorthodox mixtures that defy easy categorization into one or another of the great "isms," is a refreshing relief from Brzezinski's view, which considers any evolution away from Stalinism to be a symptom of imminent disintegration. Indeed, precisely because Szelenyi's predictions are so contingent on the one hand, and so deeply rooted in local conditions on the other, one runs some risk of doing violence to the integrity of his study by including it in an essay devoted to a concept that, in Szelenyi's view, is too abstract and general to capture the reality it is supposed to enlighten. Where the outsiders see a crisis in socialism, the insiders experience merely a domestication of externally imposed structures; the categories (socialism, capitalism, Leninism, democracy) may come and go, but Eastern (or Central) Europe, with its long accumulation of historical experiences, remains, and retains its own identity.

Yet, even a volume that was breathtakingly radical when it appeared in 1988 seemed, by the summer of 1989, to be extraordinarily conservative. The main reason, of course, is that no one—including the direct participants—could have anticipated how rapidly the political situation in Hungary would change: a mere twelve months after János Kádár was replaced as General Secretary of the HSWP, discussions had begun over when (and not whether) competitive elections would be held.

Nevertheless, such developments did not so much arise out of "structural change from below" as from increasingly open conflicts among political actors above, suggesting that Szelenyi's emphasis on the spontaneous and grass-roots quality of "silent revolution" may be somewhat one-sided and, indeed, is not entirely supported by the evidence he himself presents. In fact, the changes Szelenyi describes in the economic operation of family farms do not appear to be very spontaneous at all. They

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reflect, instead, the entirely rational responses of peasants to an opportunity structure created through a series of changing agricultural policies enacted by the regime. What differentiates the various life-history trajectories Szelenyi so carefully documents is not simply the particular choices made by individuals at different times, but alternating constraints on the choices that individuals were able to make—constraints laid down by agricultural policy, investment decisions, pricing arrangements, marketing facilities, hiring practices in the state sector, and the like. These constraints were determined from above and followed no unilinear course of liberalization in response to peasants' preferences for increased autonomy.[15] Likewise, the theories Szelenyi tests and rejects in favor of "interrupted embourgeoisement" seem not to be theories so much as projections of what would happen if policies in effect at the time the theories were proposed remained in force; it is not the theories that are right or wrong, but the policies that have changed. Meanwhile, it is precisely the importance of the "supply side" of government policies for the "demand side" of grass-roots preferences and "everyday practices" that accounts for the fact that the "re-emergence of family entrepreneurship seems to be limited in Eastern Europe to Hungary" (p. 23), whereas resistance to collectivization was virtually a universal phenomenon in the region.

If the problem were solely one of emphasis, it would not be very serious, and we could simply discount claims of "people-living-the-way-they-always-wanted-regardless-of-their-rulers" as minor exaggerations permitted by poetic license. The less sanguine result of viewing the "silent revolution from below" as the primary dynamic factor in social change is its corollary: to see policy makers' preferences as uniform and static, and their intentions and actions as irrelevant. In effect, the elite labors with the constant and single-minded objective of reproducing and expanding the sphere of bureaucratic domination in which it is master, while the rest of us discover in our own inherently pluralistic variety of ways that "life begins after working hours anyway" (p. 217). Consequently, the state sector, basking in the warm glow of political and bureaucratic favoritism, can continue willy-nilly to reproduce itself with perhaps a few minor modifications, and the primary impact of economic reforms will continue to be felt in the sphere where "society" can take advantage of them—that is, the private and small cooperative sectors.

Such a scenario would indeed describe a socialist mixed economy whose socialist content is guaranteed by the dominant economic role of the bureaucratically coordinated state sector and the continued rule of a

[15] The impact of government policies on private entrepreneurship is carefully outlined in Kalman Rupp, *The Red Entrepreneurs* (Albany: State University of New York Press, 1983).

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perhaps somewhat more benevolent and legally restrained communist party. It is thus a scenario based on the persistent strength of the state sector and the absence of change among political elites, who may continue to accommodate change from below, but have not and will not initiate it. In effect, the socialist mixed economy so described looks very much like the Soviet NEP in a more advanced economic setting: a mellower but unmistakably Bolshevik-minded leadership retains control of the "commanding heights," which are now no longer isolated in a handful of urban centers and surrounded by a sea of hostile peasants. Instead, the partially controlled state firms now employ the bulk of the population, but tolerate an ever increasing number of islands devoted to complementary forms of petty commodity production. It is not a particularly liberal or democratic, or even an emancipatory, form of socialism, as Szelenyi is the first to point out; it would, however, in his eyes, represent a possible and even probable form in view of the peculiar developmental history of Eastern Europe, and of Hungary in particular.

Nevertheless, the assumption central to this vision—that of a monolithic and static ruling class presiding over a pluralistic and evolving society—was not really accurate in Hungary even prior to the 1980s, and certainly not by the spring of 1989.[16] Significantly, pressures for political pluralism and competitive elections were not, for the most part, initiated by socialist entrepreneurs in Hungary; even where there was no love lost between them and communism on the ideological plane, congenial understandings were often worked out between the local elites and the entrepreneurs on the practical level. Instead, proposals for institutionalized political competition originated within the alleged ruling class itself: while even the "Social Compact" proposed by a leading dissident pragmatically retained an institutional position for the HSWP,[17] the draft constitution drawn up by the Minister of Justice limited itself to a purely procedural set of prescriptions, with no explicit mention of any political party or socioeconomic order.

Divisions within the Hungarian party over the pacing, extent, and content of economic reform measures are nothing new; although current events are hardly business as usual, they do not constitute a complete break with past practices.[18] As we know, there is nothing like competi-

[16] See Ellen Comisso and Paul Marer, "The Economics and Politics of Reform in Hungary," *International Organization* 40 (Spring 1986), 421-54; also Comisso, "Introduction: State Structures, Political Processes, and Collective Choice in CMEA States," *International Organization* 40 (Spring 1986), 195-238.

[17] See Janos Kis, "Társadalmi Szerzödés" [Social compact], samizdat ms., 1986.

[18] Iván Berend, "Continuity and Changes of Industrialization in Hungary after the Turn of 1956-7," *Acta Oeconomica* 27, nos. 3-4 (1981), 221-51; László Antal, "Historical Develop-

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tion for enlarging the size of the market; just as economic competition lowers the cost of commodities, political competition may be expected to reduce the cost of political involvement. In fact, the secular trend even in highly oligarchic polities—from Kádár's Hungary to Brezhnev's USSR—was to widen the circle of political consultation, with experts, bureaucracies, territorial officials, and the like being deployed as political resources among rivals.[19]

In this context, the increasingly sharp distributional consequences of economic reform in the country with the highest per capita debt in Eastern Europe rapidly came to have an extraordinarily divisive impact within the party itself, such that its leaders began casting about for wider constituencies to support their own solutions. The imminent departure of Kádár meant that by 1988 potential successors were willing to take bigger risks in view of the prize at stake. Moreover, Soviet neutrality vis-à-vis a replacement meant that, to the degree the strategic value and availability of support generated abroad had declined, the importance of attracting domestic political resources and support had increased. The consequence, of course, was that broad groups previously excluded from political life suddenly found themselves acquiring real strategic value.[20]

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ment of the Hungarian System of Economic Control and Management," *ibid.*, 251-67; László Szamuely, "The First Wave of the Mechanism Debate in Hungary (1954-1957)," *Acta Oeconomica* 29, nos. 1-2 (1982), 1-24.

[19] See Jerry Hough and Merle Fainsod, *How the Soviet Union is Ruled* (Cambridge: Harvard University Press, 1989); Jadwiga Staniszkis, *Poland's Self-Limiting Revolution* (Princeton: Princeton University Press, 1984), 150-71; Gábor Révesz, *Perestroika in Eastern Europe: Hungary's Economic Transformation, 1945-1988* (Boulder, CO: Westview Press, 1989).

[20] The dynamics of the political opening outside Hungary and Poland were somewhat different and, with the exception of Romania, were cases of "external push" rather than of "domestic pull." That is, in East Germany, Czechoslovakia, and Bulgaria, the economic situation was not nearly so serious as in heavily indebted Hungary and Poland; economic reform was on the agenda only to the degree the Soviet Union had been able to put it there. Nor was the top leadership of the communist parties in those states seriously divided about the undesirability of liberalization. Consequently, if a split in the elite was to come, it had to be engineered from outside, and it was here that Mikhail Gorbachev and the CPSU provided the spark—whether by supporting (and possibly even encouraging and eliciting) the Hungarian decision to allow East Germans to cross the border into Austria, by (one must assume) denying hard-liners in the DDR access to the kind of force a "Chinese solution" might have required, or by reprimanding the Czech party for its intransigence to the point where its leaders permitted the student demonstration that started the opposition ball rolling and, once it was in motion, by publishing Soviet apologies for the 1968 invasion. The result was indeed internal party strife, but it was less within the top leadership than between it and lower-level elites based in local party organizations. Thus, while there is clearly no denying the importance of broad social forces in sweeping away the ancien régime, one must also acknowledge the role that forces within the communist parties themselves played in eliciting and channeling those pressures. Bulgaria was perhaps the extreme case: there, the Communist Party literally abandoned its leading role before the opposition requested it to do so. Even in Hungary, it can be argued that the militant reformist wing of the HSWP—with the implicit support of Moscow—did more to destroy the party than did all the opposition groups together.

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Thus, the connection between economic reform and political opening does not appear to be a necessary one: markets and private property rights require competitive elections and universal suffrage for their efficient operation, as Brzezinski would have it. On the contrary, markets, private ownership, and authoritarianism have often coexisted in the past, and there is no logical or institutional reason why they cannot continue to do so. As Szelenyi points out, the contention that only "pure" systems survive and reproduce themselves is empirically untrue.[21]

At the same time, the *conjunctural* tie between economic reform and political reform in Eastern Europe today is undeniable. But, as indicated in the discussion of the Hungarian case, the primary cause of that tie was not society in its pre-Yalta incarnation, but Hungary's political and social evolution under forty years of state socialism.

Meanwhile, once one grants the existence of a divided and changing political leadership in Hungary (or anywhere else, for that matter), the implications for the future status of the state sector of the economy are not necessarily those envisioned in the socialist mixed economy model outlined above. That is, the proverbial strength and domination of the state sector turns out to depend as much on political consensus about its role and importance as on its economic contributions. In Hungary, that consensus eroded as rapidly as the willingness and ability of leaders to furnish it with inputs for expansion (and often, even for its restructuring or rationalization).

In this regard, Szelenyi is entirely correct in insisting that the kind of family enterprises he describes in agriculture do not and cannot constitute a replacement for the socialist sector. Not only are they no "breeding ground for capitalism," but the petty commodity production of the second economy has not been a major threat to the economic viability of the first. Instead, the most profound attacks on the socialist sector in Hungary have come from within the socialist/communist political elite itself, as an increasingly wide segment of it became convinced that socialist property forms, as traditionally defined, were simply inappropriate to a modern economy. Accordingly, whereas ownership reform in the early 1980s meant the each-to-his-own-sector approach of the socialist mixed economy described above, ownership reform in 1989 entailed putting up a significant portion of state assets for sale to private bidders—that is, a pluralization of property forms within the state sector itself.

[21] It may, however, be correct to say that once a ruling Leninist party abandons its leading role, a centrally planned economy cannot be maintained. Such a proposition need not assume—as does Brzezinski—that authoritarianism is limited to Leninist forms, nor that economic alternatives are limited to central planning and free enterprise.

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The result will not necessarily be the apocalyptic vision of a "pluralistic and free enterprise democracy" that Brzezinski predicts, but it could well be a mixed economy nested within a relatively competitive political order, not very different in its basic economic and political lines from France, Italy, Finland, or Austria. Such an outcome might well be peculiarly Hungarian, Polish, or East/Central European; what about it would be distinctively socialist, however, remains elusive. Or is it simply, as Mario Nuti queries, that Harold Wilson was the ne plus ultra of socialist achievement?[22]

Crisis of Socialism?

Like most students of communist politics, Lewis, Szelenyi, and even Judt in the French context, tend, with considerable justification, to see the causes of political and economic liberalization as being domestic/internal in origin. Nevertheless, a glimpse around the world in 1989 suggests that what we seem to be witnessing in the socialist cases is actually a part of a much wider global phenomenon. From the price of bread being decontrolled in France for the first time since the French Revolution to the selling off of public assets to private owners in areas as unrelated as Great Britain, Turkey, Mexico, and Bangladesh, the popularity of markets and private ownership has clearly become an international movement.

We have very little sense, however, why markets and private enterprise are suddenly the universal solution (although we can be quite skeptical about that) when but a few years ago they were widely construed as the universal problem. Surely it is not enough to attribute such a change in the zeitgeist purely to the efficiency advantages of markets. For one thing, if efficiency is desirable, so are a whole host of other values, and it is difficult to understand why those values have lost their preeminent position in the public eye. For another, the level of efficiency achieved through markets rests heavily on how competitive they are; as observers from Adam Smith to Joseph Schumpeter have noted, barriers to entry can arise through the operation of markets as well as in contravention to them. If the perfect market is about as utopian as the classless society, why has the former so fully captured the public imagination to the detriment of the latter?

Zbigniew Brzezinski, with an impressive talent for leaping historical

[22] Nuti, "Perestroika: The Economics of Transition between Central Planning and Market Socialism," paper presented at the 7th Panel meeting of *Economic Policy*, London, April 21-22, 1988, p. 28.

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controversies and even facts in a single bound, finds the answer to be self-evident: spurred by "the political and socioeconomic failure of the Soviet system" (p. 1), the world has simply come to its senses. Historically, he argues, the appeal of Marxism was always based on "a grand oversimplification of what can be achieved through direct political action" (p. 3). Its emphasis "on political action to promote a redemptive 'revolution,' and on all-embracing state control to achieve a rationally planned just society" (p. 2) was a primary factor in ushering in "the century of the State."

The result was not only the spread of communism, but "even more important was the indirect spread of the essence of the communist idea. Over the past four decades, almost everywhere the inclination to rely on state action to cope with economic or social ills had become quite prevalent . . . even in highly democratic societies . . ." (p. 9).

Fortunately, however, communism's

> grand oversimplification could not encompass all the complexities of the advanced society's social structure. The structure did not correspond to Marx's antiquated view of the centrality of the industrial proletariat. Nor could the doctrine provide any meaningful guide for social policies that had to assimilate . . . ultra-science and high tech. Moreover, the perversion of Marxism by . . . Lenin and Stalin reduced the doctrine to a sterile justification for arbitrary and dictatorial power. . . . In the West . . . communism could not withstand the exposure of its manifest irrelevance to modernity . . . (p. 201).

In the East, states are rushing to experiment with reforms that, in Brzezinski's eyes, are "tantamount to a repudiation of the entire Marxist-Leninist experience" (p. 12). Underlying such action is a truly worldwide rejection of the fundamental philosophical premises of communism: the "Grand Failure" has taught us, at enormous human cost, to abandon absolutism for relativism, dogma for opinion, exaltation of the State for respect for the individual, and collectivism for personal initiative. "Ultimately, communism's failure is thus intellectual" (p. 242).

It is relatively easy to caricature Brzezinski (in his own words, no less); stripped of its rhetoric, however, his message is not all that dissimilar from the far more nuanced and careful conclusions arrived at by Judt. Both see the fate of the Left—communist and socialist alike—as closely connected with Marxism and thus, for better or for worse, with the established orders that profess to be based on Marxist principles. Both see the declining appeal of Marxism as essentially intellectual in character: its propositions about capitalism, the working class, the nature of conflict, and the desirable social order are anachronisms incapable of being sal-

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vaged by even the most erudite disciples. The difference is simple: for Brzezinski, the rise of pragmatism represents the solution; for Judt, it represents the problem.

Raymond Vernon's edited volume, *The Promise of Privatization*, takes a much crasser view of the changing balance between public and private enterprise in the international economy, suggesting that its origins lie more in simple economic exigency than in complex philosophical considerations. In this regard, the cases examined in this volume—Britain, the Philippines, Venezuela, Brazil, Turkey, sub-Saharan Africa, and the oil industry—are a dramatic reminder that communist countries had no monopoly on economic difficulties in the 1980s. In addition, Vernon's excellent introductory essay provides important insights into why what is billed as economic pragmatism seems to take the same form everywhere, despite widely differing levels of development, political traditions, demographic composition, trade patterns and factor endowments—in short, despite all the variations that would normally lead one to expect truly pragmatic policy makers to pursue highly differentiated approaches to economic development.

Here, the common denominator preceding virtually all the privatization efforts covered in the volume (to which we could add those of Poland, Hungary, and Yugoslavia) is short and simple: government debt, a large proportion of it caused by the borrowing in which state-owned enterprises engaged in the 1970s. That is not a coincidence: governments that had the greatest amount of control over the domestic economy were, precisely for that reason, considered highly creditworthy a decade or so ago. But rising interest rates and slow growth in the early 1980s meant that "the financial resources of the public sector dried up at the same time that the private sector in many countries found itself in a much easier cash position." According, "the acute needs for cash on the public side suggested an obvious solution: to sell salable public assets to the private sector" (Vernon, 5).

The debt-driven character of the privatization process can be illustrated by contrasting the case studies of the Philippines (Stephan Haggard) and Brazil (Ethan Kapstein) with those of Venezuela (Janet Kelly de Escobar) and Turkey (Roger Leeds). The Philippines and Brazil were both plagued by heavy foreign indebtedness and critical balance-of-payments problems in the mid-1980s. In both countries, state holdings consisted not only of enterprises explicitly created by governments for purposes of economic development, but also of assets acquired in the course of rescuing failing private firms. In this context, attempts to sell off the latter were a rational response to the liquidity crisis.

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The debt problems of Venezuela and Turkey proved to be more manageable (or at least appeared to be at the time these studies were completed); nationalizations by default constituted a less prominent portion of the government's portfolio. Not only were there fewer clear candidates for divestiture, but there was also substantially less economic pressure to cover government deficits through sales. Consequently, while both states took major steps to enlarge the scope of the market and expose state and private firms alike to greater competition, liberalization of the economic order had, as of 1987, not been accompanied by a substantial degree of privatization. Even in Turkey, where pure ideological commitment to privatizing state firms was much more pronounced than in Brazil, "seven years after the military government designated Ozal the nation's authority on economic policy, and four years after he was elected prime minister in his own right, no major state-owned enterprise had been privatized" (Leeds in Vernon, 174).[23]

By itself, this account of the factors leading to privatization programs looks much less like "communism's grand failure" than like a theory of the conspiracy of international finance capital. Such a theory would look as follows: having encouraged governments to expand the state sector beyond their capacities to support it, the forces of international financial capital then precipitated a global recession in order to pick up newly created assets at bargain basement prices in areas of the globe to which they had previously been denied access. Accordingly, it is no accident that the technocrats engineering the asset sales are, for the most part, trained in American and British universities. It would thus follow that the new intellectual hegemony of markets and private enterprise is neither a sign of pragmatism or of their intrinsic superiority, but merely a manifestation of the power of international capitalism, while arguments for "human rights" are little more than a cloak for a platform whose fundamental concern is with "property rights." Thus, what we are witnessing is not the emergence of a new world order based on freedom, democracy, prosperity, and all those other values we prize so highly, but rather a new stage in the age-old struggle between the rich and the poor; its predominant characteristic is a major redistribution of income—domestic and international—in favor of the rich. One must mention this vulgar Marxist thesis in a respectable social science journal because there is a remarkable amount of evidence that can be marshaled to support such a Grand Oversimplification. Although we lack the grounds for dis-

[23] Analogously, plans to sell state assets to private investors are much less pronounced in Czechoslovakia, East Germany, Bulgaria, and even Romania—states where debt levels remain manageable (for how long, of course, is an open question).

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missing it, there are several facts that suggest that, in its pure form, it overstates its own case.

First, to the degree that any good conspiracy requires a conspiratorial group, one would want to look at how seriously those archetypal agents of finance capital, the World Bank and the International Monetary Fund (IMF), are peddling privatization. Here, Don Babai's contribution reveals, "whatever the Bank's and IMF's public musings about the advantages of minimalist government, their agendas for state-owned enterprises do not support the conclusion that they are helping to roll back the frontiers of the state" (Babai in Vernon, 255). Although the Bank's reports elaborately document the weak economic performance of state-owned firms in developing countries, they do not imply that it intends to make privatization a centerpiece of its lending activities. Instead, "the preponderance of prescriptions suggested by the Bank in its statements on state-owned enterprises focus on internal reform, rather than on measures such as divestiture or liquidation. . . . The Bank places its dominant emphasis on rehabilitation" (pp. 265-66).

For its part, the IMF may insist on balanced budgets, but its officials

> have sought to debunk the widely held notion that divestiture will automatically produce a benign effect on the government's budgetary position. At stake is the consideration that while in the short run asset sales indeed alleviate liquidity constraints . . . they may do so at the expense of worsening its deficit in the future (Babai in Vernon, 276).

Second, Vernon and his contributors stress that the breadth of the privatization wave is by no means matched by a corresponding depth: the few actual sales that have taken place have revealed a network of economic, technical, and political obstacles. Even in Great Britain, where such obstacles are considerably reduced, and where Mrs. Thatcher's determination to create a nation of private stockholders is unflagging, new EEC rules barring governments from writing off loans to their own companies are likely to slow down the most aggressive privatization program of all. In the Philippines, the clear tie between earlier state bailouts of private firms and Marcos-era corruption may in principle have created a broad constituency in favor of divestiture, but in practice, the financial chaos Marcos created in public and private sectors alike has meant that "the effort to recover crony wealth has involved the government in a program that is sequestering private assets faster than the public ones are being privatized" (Haggard in Vernon, 118).

The technical, economic, and political obstacles to privatization that are common in states that have never considered themselves "socialist" are likely to be even more pronounced in Eastern Europe, where meth-

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ods to evaluate the book value—let alone the market value—of state-owned assets must be invented after forty years of state-controlled prices. And Kapstein's observations about Brazil are entirely applicable to contemporary Poland: "... privatization policy was developed during bad times economically; but ... successful policy execution require[s] good times" (Kapstein in Vernon, 133).

Sales of public enterprises to foreign buyers—literally the only entities with the capital resources able to make such purchases in the East European context—are likely to be no less controversial in Hungary than in Latin America. Significantly, the politically most potent objections to the communist government's recent sale of a controlling interest in Tungsram to an Austrian Bank (and subsequently to General Electric) were raised not by the hard-liner Münnich Ferenc Társaság, but by the populist Hungarian Democratic Forum. Moreover, a recent proposal in Hungary to sell off part of a shipyard by its director (simultaneously the district party secretary) was strongly opposed by the firm's newly created workers' council, elected in 1986 in accordance with legislation passed for the purpose of making enterprises more independent of the industrial ministry. This is comparable to the situation in Brazil, where similar attempted sales were "hampered by the relative independence of the state-owned companies" (Kapstein in Vernon, 131). In short, even if Szelenyi overestimated the political and economic strength of the state sector, his prediction that a mixed economy was more likely to evolve through an expansion of an artificially repressed domestic private sector than through a wholesale dismantling of the state sector remains valid.[24]

Finally and most importantly, while the thesis of the machinations of international capital correctly draws attention to the push that international creditors gave to overexpansion of the state sector, it completely ignores the "pull" factor in the debt crisis: namely, the weak economic performance of state-owned firms in capitalist and socialist states alike. In fact, the economic power of finance capital is not a sufficient explanation for the economic weakness and deteriorating capital-output ratios of socialized enterprises. In the socialist cases, it was not Hungarian creditors who allocated investment in the 1970s in a manner inversely correlated with enterprise profitability and directly related to enterprise size;[25] it was the Hungarian government. It was not Manufacturers Hanover

[24] See Szelenyi (fn. 14).

[25] See Maria Csanadiné, "A vállalatnagyság, a jövedelmezöség, és a preferenciók néhány összefuggése [Some interdependencies between enterprise size, profitability, and special government preferences], *Pénzügy Szemle* 23 (February 1970), 105-21; Andrea Déak, "On the Possibility of Enterprise Decisions on Investment," *Eastern European Economics* 14 (Winter 1975-76), 14-25.

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Trust that amalgamated enterprises in Poland to a size where neither the market nor the party was able to control or monitor their operations; it was the Gierek administration.[26] And the idea of constructing an energy-intensive aluminum refinery in 1974 (!) to supply employment in an area that turned out to have inadequate supplies of bauxite did not originate in the City of London but in the city of Zagreb (Lydall, 84). Thus, even if finance capital provided the rope, someone else had to act as hangman.

Significantly, the argument for socialism (or socialization, as the case may be) was never as simple as Brzezinski maintains. Far from exalting the state in order to crush the individual, the argument advanced by Marx was that, by replacing private control of economic structures with democratic and collective control, the sphere of individual choices would widen.[27] Public ownership was never an end in itself, but simply a means, based on the assumption that the protection of private property rights would ultimately conflict with effective guarantees to other human rights, and even with continued economic growth itself.[28] As a result, not only would socialism correct the distributional consequences of capitalism ("under which the laborer lives merely to increase capital")[29] by making personal income solely a return to labor (the proverbial "distribution according to work"), but it would accomplish this adjustment through an extension of society's production possibilities frontier. The new system, in Branko Horvat's words, would thus not only be classless—it would also be more efficient.[30]

Although empirical support for the economic side of the argument does exist, the experience of the past two decades is not encouraging. As Vernon notes (p. 4), if "the simple stereotype of the public enterprise as a perennial wastrel" is doubtful, "the evidence that state-owned enterprises contributed heavily to the cash deficits of governments in the late 1970s and 1980s has been incontrovertible." The causes are multiple; they

[26] See Jean Woodall, *The Socialist Corporation and Technocratic Power* (Cambridge: Cambridge University Press, 1982); Mario Nuti, "Large Corporations and the Reform of Polish Industry," *Jahrbuch der Wirtschaft Osteuropas* 7 (1977), 346-405; Nuti, "Industrial Enterprises in Poland, 1973-80: Economic Policies and Reforms," in Ian Jeffries, ed., *The Industrial Enterprise in Eastern Europe* (New York: Praeger, 1981), 39-62.

[27] See David McClellan, ed., *Karl Marx: Selected Writings* (Oxford University Press, 1977). See also Oscar Wilde, "The Soul of Man Under Socialism," in Irving Howe, ed., *Essential Works of Socialism* (New Haven: Yale University Press, 1970), 411-28.

[28] See Oskar Lange, "The Economist's Case for Socialism" and "Marxian Economics and Modern Economic Theory," in Howe (fn. 27), 699-736; Brus (fn. 5); Branko Horvat, *The Political Economy of Socialism* (Armonk, NY: M.E. Sharpe, 1982).

[29] Karl Marx, "The Communist Manifesto," in David McClellan, ed., *Marxism: Essential Writings* (New York: Oxford University Press, 1980), 33.

[30] Horvat, *An Essay on Yugoslav Society* (White Plains, NY: International Arts and Sciences Press, 1969), 22.

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vary from the use of firms as conduits for subsidies to consumers and/or employees to poor choices of managerial personnel because of patronage, from overregulation that impedes market adaptation to underregulation that facilitates corruption.

In some cases, Vernon points out, the financial drain is justifiable on grounds of social utility and positive externalities—for example, where state firms were charged with building up a modern infrastructure, "an activity that is, as a rule, highly capital intensive" (p. 4). Even here, however, the positive externalities created in some cases may well be balanced by the negative externalities in others, as ecological horror tales emanating out of the public sector from Rocky Flats to Silesia suggest. In addition, the economic drain created by states' "productive" activities has hampered the ability of governments to fund needed but "unproductive" activities, such as health care, education, housing, and other social services.

Politically, too, the contribution of public ownership to democratization inside or outside the workplace is highly ambiguous. Here, the key variables seem to be the nature and objectives of the regime that exercises the ownership right, and not the ownership system itself, as Marxist theory would imply. Thus, in France, nationalized firms provided the core membership for opposition-based unions; in Brazil, state-owned enterprises allowed government unions to control the labor force.

Theoretically, two hypotheses would explain these outcomes. The first would place the blame on the allocation system within which state-owned firms normally operate. Applied to the socialist cases, the problem is rooted in central planning; applied to the developing and advanced capitalist countries, the problem is the monopolistic position of state firms. In both cases, then, microeconomic inefficiency is related to the absence of or insulation from market forces, and particularly to the absence of competition.

From this point of view, the antidote is liberalization of the economy, not privatization of property rights; indeed, advocates of this hypothesis stress the fact that there is no reason to expect that private monopolies will be more efficient than public ones. Liberalization thus entails dropping barriers to entry, be it by opening up domestic markets to foreign competitors or by pushing (or, in the socialist cases, simply allowing) state enterprises to compete on international markets under the same conditions as private firms (that is, without state-specified supply obligations or domestically regulated prices and rationed access to foreign currency). It also means that governments should continue to create new state-owned firms in the interest of stimulating competition, but without guar-

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anteeing them the eternal life that socialist firms have had to date. In short, with active entry and exit, market socialism is a viable and desirable option.

Such a hypothesis necessarily emphasizes the divorce between ownership and control that is said to characterize the modern capitalist corporation. The fate of enterprises here is said to rest on the ability of their managements, and the main role of owners—be they private individuals or governments—is (simplifying only slightly) to sit back and collect dividends. The economic environment, not the ownership system, is the key to performance; if socialist politicians would simply sit back and let management manage (or, better yet, let a management elected by and accountable to the enterprise workforce manage), the publicly owned firm would economize just as rationally as the privately owned enterprise does, but without the inequalities of income and political power generated under capitalism.

The alternative theory, in contrast, is one that argues that ownership forms and allocation systems are systematically as well as historically interconnected, and that they cannot be mixed and matched in an infinite number of combinations. Or, as von Mises put it years ago, the choice, comrades, "is still *either* Socialism or a market economy." Von Mises explained at length:

> A fundamental deficiency of . . . the "artificial market" [is that it rests] on the belief that the market for factors of production is affected only by producers buying and selling commodities. It is not possible to eliminate from such markets the influence of the supply of capital from the capitalists and the demand for capital by the entrepreneurs, without destroying the mechanism itself.
>
> Faced with this difficulty, the socialist is likely to propose that the socialist state . . . simply direct capital to those undertakings that promise the highest rate of return. . . . But [then] those managers who were less cautious and more optimistic would receive capital while more cautious and more sceptical managers would go away empty-handed. Under Capitalism, the capitalist decides to whom he will entrust *his own* capital. The beliefs of the managers . . . are not in any way decisive.
>
> . . . It is essential to realize that the capitalist does not just invest his capital in those undertakings which offer high interest or high profit; he attempts rather to balance between his desire for profit and his estimate of the risk of loss. He must exercise foresight. If he does not, so then he suffers losses. . . .[31]

Harold Lydall applies von Mises' insights to create an utterly damning

[31] Ludwig von Mises, "Economic Calculation in Socialism," in M. Bornstein, ed., *Comparative Economic Systems*, 3rd ed. (Homewood, IL: Irwin, 1974), 126, 125.

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critique and explanation of the economic and political disaster that has come to be the hallmark of Yugoslavia in the past decade. In this respect, the differences that have separated postwar Yugoslavia from its CMEA counterparts suggest that Yugoslavia is where the real tragedy of economic reform and socialism has unfolded. It is relatively easy to ascribe economic problems and political discontent in Poland and Hungary to the hierarchical rigidities and authoritarianism of the Soviet-type centrally planned economy; but when the far more open and market-oriented Yugoslav self-management model falls victim to the same problems, one cannot help but suspect that socialism itself may be at fault.

In Hungary and Poland, communism was always an externally imposed order; Yugoslav socialism, by contrast, was a home-grown variant, evolving much more in response to domestic problems than in reaction to Kremlin intrigues. Both politically and economically, the Yugoslav model was distinct from the bureaucratic rigidity of Soviet-type state socialism as well as from the mass mobilizations of Maoism. Politically, it was based on the principle that peoples of different nationalities could live within a single state, united by common political and economic institutions rather than by a uniform cultural heritage. If one of those institutions was a single party, the justification of its monopoly was not so much that of a unique claim to socialist wisdom, but simply Yugoslavia's history of internecine national conflicts which, it was feared, could easily be ignited again under a multiparty system. Moreover, the many conflicts and debates within the League of Communists itself, together with a level of party discipline within it that made democratic centralism seem more of a slogan than a reality, signified than this was hardly a party that was closed or unresponsive to the social forces it was leading.

Economically, the combination of workers' self-management in the firms, "social" ownership, the use of market mechanisms for allocation purposes, and a commitment to even out regional disparities in the course of economic development was an attractive one. Hungary's New Economic Mechanism (NEM) of 1968 was a set of cautious modifications designed to reconcile economizing at the microlevel with central control from above, and Poland's reforms remained stillborn despite numerous pronouncements to the contrary, but Yugoslavia's reform of the 1960s amounted to the abolition of central planning altogether. Poorly thought out and erratically administered as they appear in retrospect, these reform measures at the time were distinguished by their broad range and depth, which went well beyond any reforms undertaken by socialist countries until the late 1980s.[32]

[32] See, for example, Deborah Milenkovitch, *Plan and Market in Yugoslav Economic Thought*

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By 1985, however, Yugoslavia had moved from being the country other East European states would have liked to imitate to being an example of what they wished to avoid. It is tempting to argue that the principles were sound but the country was wrong (i.e., that it was too underdeveloped, that regional disparaties were too pronounced and national differences too profound); and it is easy to find evidence that localistic national claims were a critical factor in micro- and macro-economic mismanagement. Yet there are also plentiful indications that barriers to labor and capital mobility created by self-management contributed to regional disparities; in addition, many of the economic contradictions Lydall describes appear to be rooted in the economic system itself, and as such, likely to arise even in nationally homogeneous states at higher levels of development. Likewise, although the political system was supposedly designed to ameliorate national antagonisms, its actual operation has made it virtually impossible to articulate interests on other than national lines. As Lydall points out, the argument that a multiparty system would produce ethnic animosities seems oddly out of place when the League of Communists itself has become the primary vehicle for nationalist claims (p. 234).

Alternatively, it could be argued that the principles behind the reforms of the 1960s were basically correct, and that the real problems began with the modifications made by the 1974 constitution and the subsequent Law of Associated Labor.[33] In this view, the autonomy granted to the enterprises in the 1960s was erased by breaking them into divisions that were then required to operate through "self-management agreements" and "social compacts" whose effect was to bring local political elites right back into management decisions. The banking reforms of the same era had similar consequences for capital allocation; both were combined with a campaign against "technocratic-managerialism" that removed many of the most competent managerial cadres from their posts and put politically more malleable persons in their place. Again, there is evidence to support this view: even as growth rates slowed in the 1960s, efficiency indicators improved; they were distinctly better than the indicators that characterized the 1970s.[34] Further, the superior performance

(New Haven: Yale University Press, 1971); Ellen Comisso, *Workers' Control Under Plan and Market* (New Haven: Yale University Press, 1979); John Burkett, *The Effects of Economic Reform in Yugoslavia* (Berkeley, CA: Institute of International Studies, 1983); Saul Estrin, *Self-management: Economic Theory and Yugoslav Practice* (Cambridge: Cambridge University Press, 1983).

[33] See Ellen Comisso, "Self-Management and Bargaining," *Journal of Comparative Economics* 4 (June 1980), 192-208; Laura Tyson, *Yugoslav Economic Performance in the 1970s* (Berkeley, CA: Institute of International Studies, 1981).

[34] See Alexander Bajt, "Efikasnost samoupravnog privredjivanja" [Efficiency in a self-managed economy], *Privredna kretanja Jugoslavije*, no. 147 (1977), 29-49.

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of self-management in Slovenia (as compared to, say, Croatia or Serbia) may be attributable to the fact that the "purges" of the 1970s in Slovenia were, by and large, confined to social science research institutes, leaving management in the enterprises relatively unscathed.[35]

Nevertheless, the fact remains that many of the changes introduced in the 1970s were a reaction to economic problems that occurred in the wake of the reforms of the 1960s. The question, of course, is whether these problems could have been resolved differently while social ownership, self-management, and a decentralized one party-system were retained. Lydall argues that they could not.

Although Lydall concentrates his fire on a so-called "all-pervasive Party" (p. 3), his analysis reveals an economic system so dependent on political intervention in the allocation process that the "free elections" he proposes as a solution (p. 231) hardly promise much of an improvement. For example, if leaders who are not subject to replacement through elections are fearful of the political consequences of implementing a policy of macroeconomic restriction, can one reasonably expect leaders who are subject to electoral ouster, and—most likely in the current circumstances—heading a minority government, to be much more determined?

The colorful anecdotal evidence that punctuates Lydall's study shows plenty of examples of political leaders' barreling their way into economic decisions for reasons of narrow political interest and ideological preference. That the consequences were economically disastrous, with losses amounting to millions of dollars, is also incontrovertible. Nevertheless, to the degree Lydall exhorts us to judge Yugoslav socialism on the basis of Agrokomerc and Smederevo, it is rather like asking us to judge the American financial system on the basis of Texas savings and loan institutions and the utilities industry on the basis of Seabrook.

In this regard, the key question is whether political elites unilaterally and arbitrarily prevented the economy from operating (in which case the solution is to throw them out of office) or whether the economic system itself literally pulled them into the allocation process even against their will, much in the way that market failures have led to government intervention in Western economies.[36] If the latter is the case, political intervention may have been as responsible for desirable economic outcomes in Yugoslavia as it was for the many irrationalities Lydall describes.

Although Lydall seems to prefer the political arbitrariness theory, his

[35] Alexander Bajt, personal communication to the author. See also Lydall, p. 112.

[36] This thesis is elaborated at length in Ellen Comisso, "Market Failures and Market Socialism: Economic Problems of the Transition," *Eastern European Politics and Societies* 2 (Fall 1988), 433-65.

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analysis suggests that the equivalent of market failures was in fact a major cause of the problem. Thus, he notes the "conflict between ownership and management rights . . . embedded in the foundations of the Yugoslav system of self-management" and explains:

> Such a system opens the door to conflicts of interest. For workers have been told that it is their right (and their duty) to maximize the income of their enterprises, and hence their own personal incomes. . . . At the same time, [they] are given a general responsibility to maintain and increase the equity of their enterprise. There are, inevitably, many situations in which these two objectives . . . conflict. Capital can be converted into income as readily as income can be added to capital (p. 77).

Consequently, he concludes, governmental bodies literally must intervene in investment decisions—whether by informal understandings with management,[37] social compacts and self-management agreements, direct commands, or whatever—in order to "prevent the erosion of capital which such a system permits" (p. 77). And, we might add, they would have to do so regardless of which party controls the government.

The second problem to which Lydall draws attention is the degree of competition likely to arise in a self-managed socialist economy. Again, he points the finger, not without justification, at political leaders' tendencies to create regional monopolies and then to protect them at all costs. Again, however, his economic analysis suggests that entry of new competitors in an economy of labor-managed cooperatives would be a serious problem even without the erection of political barriers.

Lydall would solve the problem by allowing the private sector (domestic and foreign) to be a source of new competitors to a much greater extent than at present; it is true that dropping many of the arbitrary restrictions on private activity, combined with suitable macroeconomic policies, would indeed be helpful. Opening the economy to unlimited private enterprise is not a particularly socialist solution; a socialist competitive market, in contrast, would require new entrants to be generated from within the socialist sector itself. Hence, even if one can understand why Yugoslav leaders rejected the first option, their failure to make virtually any provision for the second was a major factor in the excessive concentration that marked the postreform socialist sector.

The reforms of the 1960s were enacted with the expectation that existing enterprises would found new ventures, thus taking up on an economic basis what local governments had been doing for political reasons in the 1950s. But although enterprises diversified their product lines to

[37] See Laura Tyson, "A Permanent Income Hypothesis for the Yugoslav Firm," *Economica* 44 (November 1977), 393-408.

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enter new markets, "almost two-thirds of Yugoslav sectors contained fewer producers in 1970 than in 1964."[38] Lydall (p. 75) attributes this to the property rights structure of the labor-managed economy (i.e., "that all plants can, or must, become independent cooperatives," greatly diminishing incentives to the risk-taking founders) and to regional protectionism (p. 81). If these were the only causes of the problem, they could, at least in principle, be corrected through policy changes that are perfectly consistent with the theory of self-managed socialism.

But the high concentration rates may be due to causes quite independent of regional politics and Yugoslavia's idiosyncratic ownership structure. That is, they can also be explained by the perfectly rational reluctance of existing enterprises to incur the transaction costs of working through completely independent suppliers or distributors; significantly, existing firms rarely found entirely new ventures even in capitalist countries. If the dearth of new competitors is due to the rational economic behavior of existing enterprises, the sheer economic dynamics of the socialist market economy do not suffice to produce new entrants. Consequently, new firms must be initiated politically—simply because there is no other mechanism for their creation. The paradoxical result is "that statism is the basic problem of Yugoslavia" (p. 98) because statism is simultaneously the basic solution in Yugoslavia—that is, governmental intervention is required because market incentives alone do not generate competition within the socialist sector.[39] In addition, if we bear in mind the absence of economic mechanisms for entry to the socialist sector, the resistance of political elites to exit is understandable: if a local firm closes down, there is literally nothing to take its place under current conditions.

That brings us to the third, and most important, economic problem that has been the source of extensive political intervention—the failure, despite forty years of continual experimentation, to create an adequate economic mechanism for efficiently allocating capital/investment among competing claimants. This problem is not unique to Yugoslavia: it appears to be endemic to all the socialist states, extending even to the nationalized sectors of Western economies.[40] Unfortunately, Lydall does not explicitly discuss it at length, although he supplies countless examples of how serious it is.

Lydall attributes the failure to solve the problem to the narrow polit-

[38] Estrin (fn. 32), 91.

[39] See Comisso (fn. 36), 445.

[40] See, for example, Yair Aharoni's discussion, in Vernon, p. 131, of investment dilemmas in British nationalized firms. The problem is also examined in Raymond Vernon and Yair Aharoni, eds., *State-Owned Enterprises in Western Economies* (New York: St. Martin's Press, 1981).

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ical and bureaucratic interests of party leaders determined to keep their own white elephants afloat regardless of cost. But since even economists—who presumably have no such commitments—have not been able to devise a satisfactory set of institutional arrangements that would ensure an efficient allocation of publicly-owned capital compatible with social ownership of the means of production, one can hardly berate politicians for preventing the implementation of a solution that did not exist. As Marton Tardos has shown in an analysis of the Hungarian reforms of 1968, it was not a politically motivated preservation of "soft" budget constraints of socialist firms that distorted investment flows, but the reverse: the absence of a market for assessing the capital value of enterprises prevented the hardening of enterprise budget constraints.[41] The same was true in Yugoslavia, where political intervention in investment processes was as much a response to nonoptimal economic outcomes as a cause of them.

The problem appears to be insoluble without the creation of a capital market; this conclusion has become fairly widespread among East European economists in the past decade. How to create one, however, within the constraints prescribed by a socialist economy, is far from clear.[42] The difficulty can be stated as follows: If the essence of a market in any good or service is the presence of numerous buyers and sellers and the inability of any one of them to set the price, can a genuine capital market exist in an economy in which (a) a single entity (the public, the state, or society) owns all assets by definition; and (b) personal income is a return on labor, not property?

Various schemes have been advanced to square this particular circle. Yugoslav variants typically call for issuing equity shares to workers in their enterprises (Lydall, 98); a Hungarian proposal would set up a socialist stock exchange of institutional investors.[43] Although it is beyond the scope of this review and the technical expertise of the author to assess such proposals and their many variations, it is worth commenting on their common denominators.

First, all proposals for a capital market reject as either overstated or erroneous the contention that ownership and control are divorced; they

[41] See Marton Tardos, "The Conditions of Developing a Regulated Market," *Acta Oeconomica* 36, no. 1-2 (1986), 67-89.

[42] Readers should bear in mind, of course, that the political constraint of maintaining a socialist economy, under which most of these schemes were originally floated, no longer exists in most cases. Nevertheless, the discussion retains its theoretical interest and relevance to the debate on the viability of market socialism outlined above.

[43] See Marton Tardos, "Property Rights in Hungary," paper presented to the conference on "Plan and/or Market," Institut für die Wissenschaften vom Menschen, Vienna, December 15-18, 1988 (mimeo).

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point to the important "signaling" effect of rises and declines in the price of equity on managerial performance and enterprise decisions.[44] Without the right to buy and sell shares in its own companies, the state is thus deprived of a critical, nonadministrative means of controlling its own management. Instead, it is forced to rely on measures such as dismissals, bureaucratic intervention, regulation, or *nomenklatura* screening—with predictable effects on managerial initiative and efficiency.

Second, although such proposals do not deny that the economic environment and the competence of management are critical for the performance of an enterprise, they also argue that neither is a variable that operates independently of the capital allocation process itself. For example, opening up the domestic market to foreign competitors may well have the salutary effect of improving the quality of domestically produced goods; but, if that improvement comes at the cost of continual injections of state-subsidized capital, any increase in the profitability of the enterprise may be illusory.

Finally, all such proposals agree with von Mises' assertion to the effect that a rational investment process requires owners who decide to whom they will entrust their own capital on whatever basis they choose. What is critical here is not that the owners be public or private, but that they be numerous, so that investment activity will reflect a *variety* of risk preferences able to utilize a *variety* of financial instruments suitable to a *variety* of ventures. The step is clearly a very short one from this contention to an argument for the desirability of a mixed economy.

Thus, even proposals that limit themselves to pluralizing the state owner suggest that what has been traditionally regarded as the prime advantage of socialism—the public monopoly of investment—is actually the fundamental source of its difficulties. Meanwhile, once one grants the need to pluralize the state owner in order to create a competitive and diversified capital market equipped with a highly differentiated battery of financial instruments, the rationale for limiting the agents able to raise and/or provide capital on that market to entities licensed by the state is unclear; in fact, virtually all proposals for a capital market would allow private individuals as well as government enterprises and agencies to participate in it. We might add that, if increased capital mobility makes for a more efficient allocation of investment, why it should be restricted within national boundaries—especially within a small country—becomes unclear as well.

[44] See Michael Jensen and William Meckling, "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure," in Louis Putterman, ed., *The Economic Nature of the Firm* (Cambridge: Cambridge University Press, 1986), 209-30.

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For example, if Hungarian pension funds are to balance alternative possibilities of risk against alternative possibilities of gain, why should they be restricted to the possibilities offered by Hungarian firms? Why not invest in Poland? Or in France, for that matter? If assets owned and operated by the Polish government are worth more to an Italian firm that can integrate them into its own operations, why not sell them? If a Yugoslav company wishes to open up a market for its products in Vienna, why not raise the capital for the venture in Austria?

In short, if liberalization (that is, lowering barriers to entry) of domestic commodity markets requires liberalization of domestic markets for factors of production, the same proposition presumably holds for international markets; to the degree a global securities market exists, Eastern Europe ought to participate in it. Nevertheless, it is important to note that, although barriers to commodity flows have been reduced around the world, political barriers to trade in assets and security have only barely begun to be lowered even in the West. The development of an international capital market at a level of sophistication similar to that of domestic capital markets currently operating within some OECD states is still very much in its infancy, and there are a vast number of obstacles that would have to be overcome for it to reach adolescence, let alone maturity. Moreover, to the degree that various transaction costs involved on an international capital market are in many cases likely to be significantly higher than those on domestic markets, the phenomenon may well have its own inherent limits.[45] Hence, the objective of this discussion is to draw attention *not* to what is likely to happen in the foreseeable future, but simply to the *logic* lying behind, and implied by, reforms whose explicit purpose is to expand Eastern Europe's ability to participate in the international economy.

That logic (and recognition of the logic of events with hindsight by no means precludes that future events may follow a very different logic) reveals a major reason why discussions of socialism in individual countries —from Poland to Italy—seem so peculiarly anachronistic in 1990. Public (or social) ownership may have made (and may still make) sense in markets that are bounded by the state that acts as owner, but its purported advantages in markets that are international in scope are more questionable. In effect, state-owned enterprises that are restricted to rais-

[45] A *New York Times* report discussing the effects of global linkages between national stock exchanges reveals that "since 1980, foreign trading in United States securities has increased by 19 percent annually. . . . American purchases of foreign equities have increased by about 30 percent annually. . . ." Nevertheless, international trade in equity shares still remains a relatively small proportion of total equity exchanges. See "The Realities of 'Friday the 13th'," *New York Times*, October 22, 1989.

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ing equity from public investors within national boundaries are deprived of opportunities to raise capital at lower cost elsewhere, potentially putting them at a disadvantage with foreign or private competitors who are not under similar constraints.

Such a restriction need not be a problem where the enterprise's domestic market is a protected one, since monopoly rents can often cover higher capital costs. Nevertheless, if tariff and nontariff barriers to entry drop, such a situation may well become the exceptional one. Likewise, it need not be a problem when the state in fact supplies capital at a lower price than is available abroad. Typically, states have done so for political reasons, but we should not be blind to the fact that there are perfectly reasonable economic justifications for such acts as well: since national governments may have greater knowledge of local conditions and entrepreneurial talents than do distant investors, and since there may be less moral hazard involved in a government's decision to lend to its own firms, such situations may arise relatively frequently. But again, in an open economy, there are real risks to overindulging in this form of government investment. As the early Mitterrand years demonstrated, extensive investment in one's own enterprises at a time when other states are deflating their economies can lead to a flood of imports and balance-of-payments problems. Hence, even arguments for socialism on the grounds that state investment is needed "to fill a possible ex-ante gap between the level of savings and the level of actual investment activity"[46] may have limited applicability.

In sum, if public ownership is, as socialist theory has traditionally maintained, a necessary requirement for democratic control of the national economy, that right would have to be purchased in the contemporary world as the cost of forgoing many of the benefits derived from participating in the international economy. If my analysis is correct, the prospects of democratic socialism are hardly much rosier than those of authoritarian Leninism.

Conclusion

The present study of socialism, actual and potential, suggests that the factors underlying the reforms in Eastern Europe are international as much as national in character, economic as much as intellectual. Communism's "grand failure" is thus by no means socialism's great opportunity: the same economic opportunity structure that militates in favor

[46] Wlodzimierz Brus, "Evolution of the Communist Economic System: Scope and Limits," in Stark and Nee (fn. 14), 276.

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of a mixed economy in Eastern Europe makes it difficult to envision anything more "socialistic" than a mixed economy in Western Europe.

The implications for social democracy are not very encouraging either. A democratic class "compromise" is not very much of a compromise if the vision that shapes it is illusory and even undesirable: compromises, by their very nature, presume something is being given up; in turn, this implies that there is more to be attained. If they are the best one can get, they are easily rolled back: movements that lack political momentum are, for that very reason, on the defensive, and therefore inherently weak.

Likewise, a democratic "class" compromise is only possible if classes exist that can negotiate with each other. But, as political constructs, classes are very much the creation of parties, and the centrality of the "working class" on the Left has always been linked to the assumption that some form of socialism—Marxist or generic—was possible (even in an increasingly distant future).[47] If it is not, the rationale for granting workers and labor unions a privileged status in one's constituency is lacking; parties then have more of an incentive to recruit voters from all strata of the population alike, and simply hire professional organizers instead of relying on the ideological dedication of militants. If, as Judt argues (p. 298), "to be a socialist today is to . . . be in favor of a generalized moral project which assets itself in conscious defiance of capitalist (interest-related) premises," it is hardly surprising that the PSF attracts voters not from among those who feel themselves to be disadvantaged, but on the basis of " 'ideas and values' . . . an altogether more volatile affair, liable to change in many ways, for all sorts of reasons and in a very short time" (p. 285).

Whether there can be a Left without an identifiable and stable constituency to mobilize—and especially when there "no longer exists any very credible *language* in which to be 'Left' " (Judt, 300; emphasis in original)—raises additional questions about the "democratic" class compromise. Mass democracy is first and foremost the democracy of electoral choice, in which political parties play key roles in lowering information costs for voters and, equally important, getting them to the polls to start with. The unidimensional Left-Right spectrum was an important component in this simplification/mobilization process, as were parties based on ascribed collective identities (from worker to Catholic). But, to the degree political space becomes multidimensional and parties become electoral-professional catchalls, "the voter becomes more independent and autonomous, less controlled and blackmailed by the oligarchies de-

[47] See Adam Przeworski and John Sprague, *Paper Stones* (Chicago: Chicago University Press, 1986).

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scribed by Michels. He also becomes, however, more isolated and puzzled."[48] The result is not necessarily political instability, but it may well be political apathy and declining turnout—to a point at which the much-vaunted claim of modern polyarchies to be governed by majorities becomes a rather hollow one. Thus, Brzezinski's resounding declaration that "democracy—and not communism—will dominate the twenty-first century" (p. 258) may turn out to be premature.

At the same time, it is important not to exaggerate such possibilities. Electoral volatility in Western Europe is a relatively marginal phenomenon; voters continue to perceive even the "new" issues of the 1980s along a left-right spectrum, as parties with respectively left-right traditions have marketed them along customary lines. And, although labor unions have lost members in Britain, France and, most notably, the United States, they appear to be holding their own elsewhere. Even if there is no intellectual rationale for workers' privileged position in the socialist/social democratic constituency, the pragmatic rationale for retaining the loyalty of a segment of the electorate in which one has a great comparative organizational advantage remains intact. And, if socialism as an ownership system makes sense only in areas where nation-states derive comparative advantages from control of the economy, it does not follow that the concept is totally meaningless. Indeed, if one considers Marxism as a theory of human capital, it can provide an altogether appropriate guide to state investment in the future, as the changes in international economic linkages that limit the utility of public ownership make it clear that the real wealth of nations lies exactly where any good socialist would want it to lie: in the talents and abilities of the population.

[48] Angelo Panebianco, *Political Parties: Organization and Power* (Cambridge: Cambridge University Press, 1989), 273.

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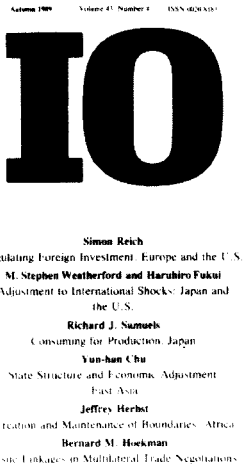

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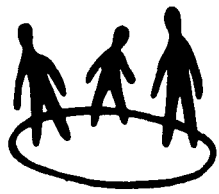

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